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CHINA

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STATE-OWNED ENTERPRISES TO USE CONTRACT SYSTEMS

OW111926 Beijing XINHUA in English 1440 GMT 11 Jun 87

[Text] Shanghai, 11 Jun (XINHUA)--All the state-owned enterprises in Shanghai will try out various kinds of contract systems by the end of July as another big stride taken by the city in economic reform, Vice-Mayor Huang Ju told XINHUA today.

Among them, 330 enterprises have contributed 60 percent of the total profits and taxes which Shanghai turned over to the central government, according to the vice-mayor. Each of them hands in more than ten million yuan in forms of profits and taxes a year, he said.

The official said that the first batch of 107 big enterprises will sign contracts tomorrow with relevant industrial bureaus and the Municipal Bureau of Finance, which, effective for two years, will outline the economic responsibility and benefits on both sides.

"The basic idea of the contract system is to ensure a stable increase of financial income for the state and an annual improvement in fixed assets for enterprises," he said.

The new system is intended to tap the potential of enterprises in Shanghai and stimulate the initiative of workers, he said.

Some factories have linked their economic benefits to produce quality. And some rich ones have also contracted for the improvement of production of poor factories.

Despite their varied forms of contract systems, the usual practice is to allow wages and bonuses to float according to the profits an enterprise hands over to the state. If the enterprise fails to produce enough profits, it has to make it up from its reserve funds, according to the contracts.

If an enterprise increases profits by one million yuan in a year, it will receive an extra 130,000 yuan.

According to a rough calculation based on the contracts signed, this year the state will earn 143.93 million yuan more than last year, and the local government will earn 21.94 million yuan; the enterprises involved will earn an extra 22.8 million yuan.

"But all these enterprises must adopt the factory director responsibility system to promote the implementation of the contracts," Huang said, adding that the municipal government will put a ceiling on the total amount of income of enterprises to check an excessive increase in consumption funds.

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CSO: 4020/212

GUANGDONG OFFICIAL DISCUSSES DEEPENING REFORM

HK101438 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0358 GMT 9 Jun 87

[Text] Guangzhou, 9 Jun (ZHONGGUO XINWEN SHE)--Guangdong Province is now facing a new situation of further opening up to the world. In an interview with our reporter the other day, Ding Lisong, deputy secretary general of the provincial government, pointed out that only by opening up to the world is it possible to promote reform, and only by carrying out reform is it possible to ensure that Guangdong further opens up to the world.

Ding Lisong said: In the past 8 years, Guangdong has brought in some \$4.3 billion of foreign funds, accounting for nearly 20 percent of the province's total fixed assets investment during the period. The province has actually received some \$3.38 billion of foreign funds, and the output value of its exports accounts for 21 percent of the province's total industrial and agricultural output value. This shows that Guangdong Province's economic development is closely linked to the international market. This requires that Guangdong should continue to open up to the world and do so more widely and urgently.

On Guangdong's ability to further open up to the world, Ding Lisong held that in recent years Guangdong has all along stressed the integration of bringing in foreign funds and expanding export business. The export commodity production network is being set up throughout the province. The commodity rate of agricultural and sideline products of the fast-developing Zhujiang delta zone has increased to 70 to 80 percent. Even in the slowly-developing western area, the commodity rate of agricultural and sideline products has reached between 50 to 60 percent. Most peasants have established the idea of commodity economy, the idea of time, the idea of efficiency, and the idea of competition. In addition, cadres at all levels in Guangdong Province have accumulated experiences in dealing with the outside world and in cooperating with foreign businessmen. They have thus strengthened their ability to open up to the outside world. The previous mistake of illegally buying and selling foreign goods and cars to make profits will not be and is not allowed to be repeated.

On foreign trade reform, Ding Lisong told the reporter that Guangdong in recent years has paid attention mainly to the following two points: 1) It has established a production network for producing commodities for export. This is a breakthrough in reform of Guangdong's foreign trade structure. It is precisely due to the successive establishment of these production bases which combine industry, agriculture, technology, and trade that the province has a stable supply of fine-quality goods for its export business. He predicted that the export volume of home electric appliances, shoes, suitcases, bags, toys, and food will increase greatly in the future. 2) It has tried to open up markets in distant countries and let more countries know Guangdong's economy. Guangdong Province is now setting up in some European and American countries a number of show-case-type trading organizations, which are playing precisely such a role.

On the investment environment, Ding Lisong said that Guangdong will increase its generated energy by 1 million kilowatts this year and put new generating equipment into operation next year. At present, the project of double line of the Hengyang-Guangzhou railway is well under way and the construction of two highways--namely, the Guangzhou-Foshan highway and the Guangzhou-Shenzhen highway--has started. All this will further improve Guangdong's investment environment. He also pointed out that how to further raise efficiency remains a problem in improving the investment environment. Only by deepening reform is it possible to overcome the defect of obstructing each other and doing work in a dilatory way.

Ding Lisong, who is also chairman of the Guangdong provincial special economic zone management committee, held that special economic zones must particularly be reformed focusing on developing export-oriented economy and must bring in more foreign funds and serve enterprises owned by foreign businessmen still better. Shenzhen has established special organs to concentratedly manage enterprises owned by foreign businessmen. This is useful exploration. Chinese-foreign joint venture enterprises and Chinese-foreign cooperative enterprises must also be invigorated. The key lies in that both parties must have sincerity in cooperation, so that they can cooperate with each other well. In addition, the financial, scientific, technological, and labor service markets in special economic zones must further open up to the outside world. Only by properly handling relationships in all fields through reform is it possible to thoroughly improve the investment environment.

Ding Lisong was optimistic about this year's economic development in the province's special economic zones and open cities. He said: The economic growth rate of Guangzhou and three special economic zones this year is over 10 percent, and Shenzhen's industrial output value in the first quarter reached some 1 billion yuan. This high growth rate is rare in recent years. In bringing in foreign funds, the province has changed the previous way of bringing in foreign funds blindly and indiscriminately. It is now moving to industries at a high level, such as basic industry, raw material industry, resources exploiting industry, and high-technology industry. Zhuhai's magnetic disc plant, Shenzhen's magnetic head plant,

Xinhui's fruit processing plant, Zhanjiang's rubber processing machines plant, and Sanshui's aluminium-alloy plate plant are projects of this kind. In addition, Shantou is now discussing with foreign businessmen a large project for producing refined chemical raw materials. If an agreement can be reached on this project, Guangdong will in the future be able to produce some chemical raw materials to replace the imports. This is also an important measure to guide and encourage foreign businessmen's investment.

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CSO: 4006/761

GUANGDONG PROVINCE GEARING ECONOMY TO WORLD MARKET

OW140752 Beijing XINHUA in English 0721 GMT 14 Jun 87

[Text] Beijing, 14 June (XINHUA)--South China's Guangdong Province is gearing its economy to the world market and has made much headway in economic and technical cooperation and cultural exchanges with the outside world, according to the latest issue of a weekly which comes out tomorrow.

The province boasts three of China's four special economic zones (Shenzhen, Zhuhai and Shantou), two open cities (Guangzhou and Zhanjiang) and the open island of Hainan. It also staked off an area of 21,500 sq km on the Zhujiang (Pearl) river delta as a base for producing exports, according to the No. 24 issue of the English language magazine BEIJING REVIEW.

In 1985 the province exported to Hong Kong fresh agricultural products worth U.S. \$4.02 billion, 70 percent of which were produced on the delta. Many towns have sprung up along this green and fertile stretch.

The open policy has brought the city of Zhongshan, originally just a county town, many big new buildings. In 1985, the city's total industrial and agricultural output value topped 2,334 million yuan (about U.S. \$632.88 million), twice as much as in 1978, the year preceding the implementation of the open policy. Its export value in 1985 came up to 348 million yuan (about U.S. \$94.96 million), while in the 1970-1979 period, it amounted to only 100 million yuan (about U.S. \$27 million).

Lu Xhankeng, an official of the city's commission of foreign economic relations and trade, says that the export industry has now begun to undertake Sino-foreign joint ventures and cooperation projects as against merely doing processing with materials provided by outside clients.

By the middle of 1986, the city had approved 17 joint ventures, 78 cooperative projects, nearly 800 contracts on compensation trade and processing business have been signed, involving a total investment of U.S. \$123.76 million by partners.

The city is spending 50 million yuan (about U.S. \$13.5 million) on expanding and updating an international port. It is estimated that its annual handling capacity will be six million tons by the year 1990 when the expansion and updating are completed. It now has one 5,000-ton and three 1,000-ton berths in operation.

Being in the subtropics, the Zhujiang river delta is one of China's developed agricultural areas. To expand the export of its farm and sideline produce, the city's foreign trade company has set up a number of export bases by providing funds and technology to farmers in the area. In 1986, the export volume of these bases totaled 10 million yuan (about U.S. \$2.7 million).

To carve a bigger share of the world market, the province has set up a non-governmental overseas economic relations and trading company, whose main business is to handle the export of farm and sideline produce and work with joint ventures and cooperative projects.

"Our purpose is to serve smaller enterprises at home and abroad. We are willing to do business involving less than U.S. \$50,000," said Cai Zhongchao, general manager of the company.

The company has set up branches in Tokyo and Hong Kong and is planning to set up offices in Hamburg and Bangkok. In addition to handle export business, it also encourages foreign entrepreneurs to invest in China, and has signed a number of joint venture agreements, including prawn raising and production of building materials.

In recent years, there have been more links between household business and the international market, and the agriculture-industry-trade cooperation [as received] has been burgeoning. This kind of association is spreading from the province to the northern part of the country.

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CSO: 4020/212

PROVINCIAL

ECONOMIC

GUANGXI ISSUES CIRCULAR ON RADIO STATION LICENSES

HK110713 Nanning Guangxi Regional Service in Mandarin 1030 GMT 10 Jun 87

[Text] To maintain good order in the region's radio broadcasting, to make overall arrangement for distribution of various radio stations, and to ensure that various radio telecommunications equipment belonging to the party, government, and army organs, and to the people, better serve the region's socialist modernization, the regional radio management committee recently issued a circular. The circular raised the following demands.

1. All units, departments, individuals, and organs dispatched by Hong Kong or Macao companies to Guangxi, that install or use various radio transmission equipment, including equipment using long, middle, short, and microwaves, whether purchased by them, presented by others, or installed by themselves, must register themselves with and apply for licenses of use, to the regional, prefectural, or city radio management committees before 30 June, if they have not registered themselves with and obtained licenses from the authorities.
2. Those units or individuals that have not obtained licenses or only hold invalid licenses should be treated as setting up radio stations illegally.

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CSO: 4006/761

LIAONING REPORT ON LIAODONG PENINSULA'S ECONOMY

SK150917 Shenyang LIAONING RIBAO in Chinese 31 May 87 p 2

[Report delivered by Vice Governor Wen Shizhen at the 26th session of the 6th Liaoning Provincial People's Congress on 25 May: "Create a New Situation in the Export-Oriented Economy of Liaodong Peninsula"]

[Text] On 25 May, entrusted by the provincial people's government, Vice Governor Wen Shizhen delivered a report at the provincial People's Congress Standing Committee meeting on the work of opening to the outside world over the past few years and on actively developing the export-oriented economy of Liaodong Peninsula.

Wen Shizhen's report is divided into three parts: 1) The achievements in opening to the outside world and the existing problems; 2) the guiding ideology and strategic objective of accelerating the export-oriented economy of Liaodong Peninsula; and 3) the principal measures for accelerating the development of the export-oriented economy of Liaodong Peninsula.

Wen Shizhen said: Thanks to the concern of the party Central Committee and the State Council, our province's situation in opening to the outside world has improved. In 1984 the party Central Committee and the State Council approved the further opening of Dalian to the outside world and established the Dalian economic and technological development zone; in October of that year and in March of the next year, they also approved the opening of Yingkou port to the outside world and allowed Yingkou city to enjoy some of the preferential policies for coastal open cities; by the end of 1985, they approved the opening of Dandong port to the outside world; in February 1986, they gave an official written reply to Tiexi district in Shenyang on using foreign capital to import technology for renovating the district and allowed it to enjoy some of the preferential policies; and approved the coastal city of Xingcheng to be turned into a tourist and health resort. The party Central Committee and the State Council have also decided to allow Shenyang and Dalian cities to have their individual economic plans, delegate to them provincial-level economic management power, and allow them to enjoy the power of carrying out economic and trade activities with foreign countries. All these have effectively promoted the opening of Liaodong Peninsula to the outside world and the development of an export-oriented economy.

During the 1979-1986 period, the province as a whole signed 3,655 contracts on the utilization of foreign capital and the importation of technology. These contracts involved a total of \$2,559 billion. Of this, 1,051 contracts were on the direct utilization of foreign funds and the total sum involved reached \$1.371 billion. Our province also established 157 joint ventures and cooperative production enterprises. Ten trades and more than 1,250 enterprises were transformed at a varying rate. Their technological level was enhanced and their products were upgraded and updated. During the Sixth 5-Year Plan period, the province's total volume of foreign trade purchase was valued at 18.46 billion yuan, an increase of 9.15 billion yuan, or 98.3 percent over the Fifth 5-Year Plan period, showing an annual average increase of 8.2 percent. Last year's foreign exports volume (excluding crude oil and refined oil) was valued at \$1.22 billion, up 37 percent over the previous year.

At the same time, we have scored remarkable achievements in the experimental work of readjusting the production set-up in line with the economic structure in which agriculture serves the processing industry and the processing industry serves foreign trade. The construction progress of the Dalian economic and technological development zone is fairly rapid. The province as a whole has concentrated efforts on strengthening transport, telecommunications, and the building of an urban infrastructure; and forming a transport network which takes ports as the doors, railways as the main artery of communications, and highways as the skeleton, and which coordinates civil aviation with transport through pipelines. We have established and improved the relevant foreign economic laws and regulations, trained a number of personnel to undertake foreign economic and trade work, and created favorable conditions for further opening to the outside world.

Over the past few years, we have scored achievements in opening the province to the outside world. However, we still have many problems. Our province still lags far behind state demands. The main manifestations are: Leaders at all levels have a poor concept of opening to the outside world and developing the commodity economy; the supply and development of export products are slow and the structure of export commodities is irrational; key points of using foreign capital and importing technology are not prominent enough to meet the demands of transforming the old industrial base of Liaoning; the economic and trade systems have not yet been improved and the quality of foreign affairs personnel is not high; and in terms of macroeconomic control, we lack overall planning and effective policies and measures for developing the export-oriented economy. All these problems must be gradually improved in our future work.

Wen Shizhen said: The guiding ideology for the development of the export-oriented economy of the Liaoning Peninsula is that taking as a guide the party Central Committee's strategic policy decision on "gradually opening the Liaodong Peninsula," and the strategic policy decision on "continuing to open wider to the outside world" set forth at the fifth session of the Sixth NPC, and learning from the experiences of economically developed countries, and new industrialized countries in developing the export-oriented economy, we should make the best use

and develop the advantage of Liaoning as a heavy industrial base, and taking exporting as a precursor, gradually build the Liaodong Peninsula into an export-oriented and multi-functional modern economic zone with rational production setup and product mix and advanced science and technology, and into a base for serving the foreign exchange earnings of the entire country, for producing import substitutes, and for transferring advanced foreign technology and modern managerial experiences to the hinterland, so that it can make more contributions to accelerating the process of socialist modernization.

Based on this guiding ideology, the industrial and agricultural output value of the Liaodong Peninsula will be quadrupled by the end of this century on the premise of greatly improved economic results.

The average annual growth rate of exports should reach 15 percent, and by the year 2000, the proportion of the purchasing volume of export commodities should increase to 15 percent or more of the industrial and agricultural output value. During the Seventh 5-Year Plan period, we should continue to greatly expand the exportation of light industrial and textile products, petroleum products, and farm and sideline products, and native and special products, and make them become the major source of our foreign exchange earnings. We should pay close attention to the renovation of the machinery and electronic industries, upgrade and update their products more rapidly, and gradually expand their exports, so as to provide favorable conditions for them to become the leading industries in our exports in the Eighth 5-Year Plan period and to the end of this century. We should step up efforts to improve the technological level in the production of the metallurgical, petrochemical, and building materials industries; readjust their product mix; increase the production of goods in short supply; and develop import substitutes so as to save foreign exchange for the state.

In the coastal areas where conditions are more favorable, we should readjust the structure of agriculture in such a way that agriculture serves the processing industry and processing serves foreign trade on the premise of steady growth in grain production, so that these areas will become examples in importing advanced technology and earning foreign exchange through exports. Suburban areas, and the counties and districts with superior products for export should emphasize the production of grain, edible oil, vegetables, fruits, animal by-products, aquatic products, native and special products, and handiwork, where their superiority lies, and exporting "fist" products. In the electronics industry, through the assimilation and mastery of imported technology, we should do a good job in the construction of bases for producing export products; expedite the integration of the production of machinery and electronic products and instruments; increase the proportion of electronic equipment and component parts produced at home; establish groups of electric appliance, computer, videorecorder, and telecommunications engineering enterprises; and develop exports of a number of electronic products. In the metallurgical industry, we should accelerate the renovation of large and medium-sized enterprises, such as Anshan, Benxi, Fushun and Dalian iron and steel companies, and

develop products which we do not have, or which are not sufficient. In the petrochemical industry, we should make the best use of our advantage in abundant oil and gas resources; develop the production of a series of ethylene, wax, and aromatic hydrocarbon products; develop refined chemical products; and increase the production of chemical fertilizer. While producing import substitutes, we should make great efforts to organize exports. In the building materials industry, we should build export product bases, and increase the exportation of manufactured goods. Old products for exports should be upgraded. In light industry, we should continue to develop new first products for export while maintaining the exportation of old products. In the textile industry, we should intensify processing and improve the grade of export products, with the focus on finishing printing and dyeing, so as to coordinate spinning, weaving, and dyeing. We should greatly increase the patterns and varieties of textile goods, and win success through quality instead of quantity.

In the exportation of labor and tourism, we should undertake the construction of more foreign projects on a contract basis, and exert great efforts to export labor to increase non-trade foreign exchange earnings. We should successfully build the Liaoxi Corridor tourist area to cover an area from Suizhong to Beizhen, which has cultural relics and historical sites as its major attraction, in addition to its natural scenes of mountains and seas, in a step-by-step manner according to established priorities.

Wen Shizhen said that the provincial government has decided to adopt the following few measures to realize the strategic objectives of developing an export-oriented economy on the Liaodong Peninsula.

- 1) We should accelerate the readjustment of the product mix and establish export bases. We should gradually shift the stress of exports from raw materials and primary products to finished products, from primary-processed products to precision-processed products, and from single-item equipment to complete sets of equipment.
- 2) We should positively bring in advanced technologies to accelerate the pace of transformation of old enterprises. We should bring in high standard technologies for key trades, enterprises, and products to enhance our capability to create foreign exchange through exports and producing more import substitutes. While grasping the work of bringing in advanced technologies, we should vigorously make efforts to assimilate and absorb imported technologies and to blaze new trails.
- 3) We should achieve banking restructuring and expand cooperation between banks at home and abroad. We should positively derive capital from the outside world and enliven the use of capital to serve the development of an export-oriented economy.
- 4) We should reform the system of foreign trade to make it suit the demands of the development of an export-oriented economy. First, foreign trade departments should conduct self-reform and simultaneously grasp the system reform of foreign trade enterprises. Second, we should

vigorously develop industry-trade, technology-trade, and agriculture-trade cooperation and establish powerful cooperative associations to enhance our competitiveness among international markets. Third, we should further expand enterprises' self-decision power in foreign trade to ensure that production enterprises directly engage in foreign trade. With approval, some enterprises are allowed to establish networks to gain marketing situations, business conditions, and information in foreign countries. Exports should be expanded according to the demands of international markets.

5) We should accelerate the cultivation of talented personnel specialized in the development of an export-oriented economy. At present, we should concentratively strengthen the training of in-service personnel to bring into full play the functions of existing talented personnel. Speaking from the far-reaching point of view, we should establish a system to cultivate talented personnel suitable to the development of an export-oriented economy. Simultaneously, scientific and technological, overseas Chinese affairs, united front, economic and trade, and higher educational departments should bring their functions into full play to positively bring in intellectuals from abroad.

6) We should flexibly make the most of the current policies. Based on this, we should continue formulating new policies.

7) We should positively improve the investment environment. We should strengthen the construction of urban infrastructural projects and assign priority to developing transport and telecommunications undertakings. We should positively pioneer information, consultative, banking, and insurance services. We should improve service quality and ensure that service work has the features of our age and Liaoning's characteristics.

8) We should open the peninsula to places at home and vigorously develop lateral cooperation. First, we should achieve cooperation between coastal areas and inland. Second, we should further develop cooperation between the Liaodong Peninsula and the eastern, western, and northern areas of Liaoning Province. Third, we should vigorously develop cooperation between urban and rural areas. Fourth, we should facilitate cooperation between soldiers and civilians. Simultaneously, we should positively develop cooperation with brotherly provinces and municipalities throughout the country.

9) We should strengthen the construction of showcases of opening to the outside world and extensively develop information sources. We should restructure organizations stationed in foreign countries and make efforts to build these organizations into overall enterprises in charge of foreign economic and trade development. Simultaneously, we should carry out a system of inviting personnel residing abroad and a system of holding personnel responsible for the attainment of certain objectives during their tenures in an effort to enhance their responsibility for economic work.

10) We should substantially strengthen leadership. The provincial government has called on provincial-level departments and the cities of the Liaodong Peninsula to place the development of an export-oriented economy on the main items of the work agenda; to designate principal leaders to grasp the work; to serve the grassroots; to improve workstyle, work efficiency, and service quality; and to solve problems that crop up over the course of developing an export-oriented economy in a timely manner.

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CSO: 4006/761

SHAANXI ENTERPRISES UNDERTAKE MANAGEMENT CONTRACTS

HK030252 Xian Shaanxi Provincial Service in Mandarin 2330 GMT 2 Jun 87

[Excerpts] To deepen enterprise reforms and boost the enterprises' reserve strength, seven large and medium enterprises in Shaanxi signed contracts with their departments in charge on 2 June for instituting the contracted management responsibility system. The signing took place during a forum on the contracted management responsibility system convened by the provincial economics commission.

These seven enterprises are the Qinchuan machine-tool plant, Hanjiang machine-tool plant, the Huang He engineering machinery plant, Xian Pharmaceuticals plant, Northwest No 2 synthetic pharmaceuticals plant, the provincial pharmaceuticals company, and the Xian city pharmaceuticals company.

Governor Zhang Boxing and Vice Governors Zhang Bin and Zeng Shenda and responsible comrades of provincial departments concerned attended the signing ceremony. In speeches, Zhang Bin and Zeng Shenda said that the superiority of the contracted management responsibility lies not only in ensuring steady growth in financial revenue but also in enabling the enterprises to increase their retained profits, thus creating favorable conditions for boosting their reserve strength for development. Thus a benignant cycle can be formed. It is therefore very important to decide on base figures for the contracts. It is necessary to be scientific and rational in handling the relationship between the state, the enterprise, and the individual worker.

They stressed in their speeches: The enterprises should enhance their reform-consciousness and turn their eyes inward, and first downward. They must fully mobilize the workers' initiative for achieving good economic results from measures carried out within the enterprises.

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CSO: 4006/761

SHANDONG PEOPLE'S CONGRESS WORK REPORT

SK030401 Jinan DAZHONG RIBAO in Chinese 1 May 87 pp 1, 3

[Work report of the Shandong Provincial People's Congress Standing Committee delivered by Li Zhen, chairman of the provincial People's Congress Standing Committee, at the Fifth Session of the Sixth Shandong Provincial People's Congress on 25 Apr 1987]

[Excerpts] Fellow deputies:

Entrusted by the provincial People's Congress Standing Committee, I now submit to the session a report on the work of the Standing Committee since the fourth session of the Sixth Provincial People's Congress.

In accordance with the resolutions adopted at the fourth session of the Sixth Provincial People's Congress, through exercising the functions and powers entrusted by the Constitution and local organic laws, and in service of the general tasks of the party in the new historical period, over the past year, the Standing Committee brought into better play its role as a local organ of state power by adhering to the four cardinal principles; persisting in the principle of reform, opening up, and economic invigoration; further strengthening the education on legality; stipulating some local laws and regulations; strengthening supervision over the enforcement of law and over administrative, judicial, and procuratorial work; appointing and removing a group of state working personnel; electing new county and township people's congresses; building closer relations between deputies to the provincial People's Congress and the city and county People's Congress Standing Committees; and strengthening self-construction.

1. The Standing Committee Strengthened the Education on the Legal System To Safeguard Stability and Unity.

Strengthening propaganda and education on the legal system, popularizing the general knowledge of law, and upgrading all people's understanding of the law and legal system is a demand for developing socialist democracy, perfecting socialist legality, and ensuring the long-term stability and order of the country. In accordance with the NPC Standing Committee's "Resolution on Basically Popularizing the General Knowledge of Law Among

All People," and the "5-Year Plan for Basically Popularizing the General Knowledge of Law Among All People" approved and relayed by the CPC Central Committee and the State Council; and under the unified leadership of the provincial party committee, the Standing Committee conscientiously attended to the education on the legal system with the focus on the Constitution.

2. The Standing Committee Formulated Local Laws and Regulations According to the Requirements of the Actual Conditions.

Over the past year, the Standing Committee positively and steadily formulated six local laws and regulations and five resolutions and decisions.

In order to better implement the "Compulsory Educational Law of the PRC," "Methods of Shandong Province for Implementing the 'Compulsory Educational Law of the PRC'" were examined and approved at the 21st Standing Committee meeting. The methods were definitely stipulated to solve such problems with greater difficulties in the implementation of the compulsory education as improving teachers' quality, collecting educational funds, and improving conditions for running schools. This played a key role in ensuring the implementation of the compulsory educational law in our province, upgrading the people's educational level, and promoting scientific and technological progress. The 21st Standing Committee meeting also examined and approved "several regulations on protecting the legal rights and interests of women and children." The regulations provided legal basis for protecting the legal rights and interests of women and children, for enabling women to bring their role into full play in the modernization drive, and for ensuring a healthy physical and mental growth of children.

"The Shandong Provincial Regulations Regarding the Management of Crop Seeds" were examined and approved at the 23d Standing Committee meeting. The regulations were of important significance in further strengthening the management of crop seeds, ensuring the production and supplies of seeds, and promoting a stable increase in agricultural production. The 23d Standing Committee meeting conscientiously examined, according to the NPC Standing Committee's decision on revising "the electoral laws of the NPC and local People's Congresses," the draft decision of the provincial People's Congress Standing Committee on "detailed rules and regulations on elections of the People's Congresses at or below the county level." The meeting unanimously adopted the draft decision. Now, it has formally been made public for implementation.

"Shandong Provincial Methods for Implementing the 'Land Management Law of the PRC'" were examined and approved at the 24th Standing Committee meeting. In order to reasonably develop, use, and protect mineral resources and to promote the development of town, township, and collectively-owned mining enterprises and private mining industry, the 24th Standing Committee meeting also examined, according to the regulations set forth in the "Law of Mineral Resources," and approved the "Shandong Provincial Methods for Management of Town, Township, and Collectively-owned Mining Enterprises and Private Mining Industry."

3. The Standing Committee Strengthened Supervision over the Enforcement of the Constitution and Law.

Guarding the sanctity of the Constitution and the law and ensuring the enforcement of the Constitution and the law is an extremely important job of the local People's Congress Standing Committee.

In order to supervise law enforcement, the Standing Committee generally arranged regular meeting to hear, examine, and discuss the provincial government's reports on enforcing relevant laws. The 21st Standing Committee meeting heard the provincial Public Health Department's report on the implementation of the "Food Sanitation Law of the PRC" and the provincial capital construction committee's report on the implementation of the "Shandong Provincial Provisional Regulations Regarding Overall Development of Urban Construction." The 22d Standing Committee meeting heard the provincial Cultural Department's report on the enforcement of the "Relics Protection Law of the PRC." The 22d Standing Committee meeting also heard the provincial Forestry Department's report on the enforcement of the "Forest Law of the PRC." In order to do a good job in examining and discussing the report, some Standing Committee members inspected and grasped the situation in the implementation of the forest law before the meeting. Thus, in the course of examination and discussion, the Standing Committee members held that the governments at all levels and the departments in charge of forestry work had done much work in the implementation of the forest law; and suggested ways for further developing forestry according to law, positively launching a tree planting campaign among the people, relaxing restrictions of forestry policies, implementing and perfecting forestry production responsibility systems, and promoting the development of forestry. The 23d and 25th Standing Committee meeting respectively heard the provincial Industrial and Commercial Administrative Bureau's reports on the enforcement of the "Trademark Law of the PRC" and on the enforcement of the "Economic Contract Law of the PRC."

4. The Standing Committee Strengthened its Supervision Over the Work of the Provincial Government, Court, and Procuratorate Through Hearing Their Reports.

Hearing the reports of the provincial People's Government, the provincial Higher People's Court, and the provincial People's Procuratorate is the basic way of the provincial People's Congress Standing Committee for discussing and deciding major matters and for strengthening supervision over their work. Over the past year, the Standing Committee heard, examined, and discussed eight work reports.

The 20th Standing Committee meeting heard and examined the provincial agricultural department's report on the situation of the province's current agricultural production.

The 21st Standing Committee meeting heard the provincial Civil Administrative Department's report on the work of supporting the poor. Standing Committee members held that the province had scored notable achievements

in this work thanks to the leaders who went deep into the grassroots to conduct investigations and study and to support the poor to develop production. As a result, nearly 400,000 impoverished households have basically extricated themselves from the predicament.

The 22d Standing Committee meeting heard the provincial Family Planning Committee's report on the province's family planning work. Standing Committee members held that the province had scored greater achievements in family planning work. Family planning is a basic policy of our state. We must take notice that the trend of an excessive rapid population growth is emerging in some localities due to the fact that the province is in a baby boom period, several family planning policies have been relaxed, and these localities have failed to bring family planning under control. Thus, we must pay high attention to this. Standing Committee members called on governments at all levels to strengthen leadership over family planning work; to particularly adopt effective measures for grasping the work of changing the backward situation; to conduct propaganda and education on family planning, sound births, and healthy upbringing; and to strive to upgrade the people's awareness of carrying out family planning.

The 23d Standing Committee meeting heard the provincial Financial Department's report on the implementation of the 1986 budget. Standing Committee members held that the overall situation in implementing the 1986 budget was good and the demands for developing reform and various undertakings were ensured. They also asked for further analyzing the causes of the existing problems; and stipulating policies and systems to arouse the enthusiasm of all fronts to increase revenues and reduce deficits.

5. The Standing Committee Handled Affairs Strictly in Accordance With the Law and Did Good Jobs in the Elections of County and Township People's Congresses.

According to the regulations set forth in the Constitution and the Electoral Law, the 17th Standing Committee of the NPC decided to accomplish the elections of next people's congresses at the county and township levels by the end of 1987. In order to achieve the electoral work, 18th NPC Standing Committee adopted a decision on the revision of the Electoral Law and the Local Organic Law, and essentially revised and supplemented the laws. The provincial People's Congress Standing Committee held that achieving the elections of the next people's congresses at the county and township levels is a matter of great importance to strengthening local political power as well as a matter of important significance in developing socialist democracy, strengthening the construction of socialist legality, and further perfecting the electoral system and the system of people's congresses.

When we view the previous situation, we can find that the work of electing the next county and township people's congresses had smoothly progressed, and the province basically achieved the desired results in the electoral work. As of the end of March, most counties and townships accomplished

the elections of deputies and successively convened the first congresses. It is expected that the electoral work will be accomplished by the end of May.

6. Deputies to the Provincial People's Congress Built Closer Ties With the City and County People's Congress Standing Committees.

Since people's deputies take on the mission of participating in and discussing political affairs and managing state affairs, strengthening contacts with deputies is the basis for comprehensively exercising the functions and duty of the People's Congress Standing Committees.

Strengthening contacts and exchanging experiences between the provincial People's Congress Standing Committee and the city and county People's Congress Standing Committees is conducive to promoting the work of the People's Congress Standing Committees. Besides successively inviting personnel of city and county People's Congress Standing Committees and prefectural liaison offices in charge of People's Congress work to attend as observers at the Standing Committee meetings, the Standing Committee also organized its chairman, vice chairmen, and members to conduct inspections and investigations among various localities and to hold forums to understand the work of local People's Congress Standing Committees. Emphasis was placed on the issue concerning supervision work of local People's Congress Standing Committees. Simultaneously, they helped city and county People's Congress Standing Committees solve some practical problems.

7. The Standing Committee Strengthened Self-Construction of its Organs.

In order to develop socialist democracy, perfect socialist legality, and bring into full play the role as a local organ of state power, the Standing Committee must achieve self-construction of its organs and upgrade its subordinate organs' political quality and capability of dealing with professional work. Over the past year, the Standing Committee persistently regarded the work of studying, mastering, and grasping the law as the basic measure for strengthening ideological construction and adopted feasible measures for standardizing and institutionalizing the study of the general knowledge of law.

Fellow deputies:

Under the leadership of the provincial party committee and with the positive assistance of the deputies to the provincial People's Congress, the Standing Committee has exercised the functions and powers entrusted by the Constitution and the law and have scored new progress in its work since the fourth session of the Sixth Provincial People's Congress. However, our work is still unsuitable to the demands of the development of the situation and still fails to accomplish the people's requirements and expectations. There are some shortcomings in our work. Our failure to conduct supervision over the enforcement of laws and the work of organs

is still a prominent problem. The problems concerning how to enable people's deputies to better exercise their functions and powers have not been solved yet. Investigations and studies are conducted in an unplanned manner. The organizational construction of the organs of the Standing Committee and their systems fail to suit the demands of work. We should further study and explore ways for solving these problems in a step-by-step manner.

The year 1987 is a year when reform in various fields will deepen. Under the guidance of the guidelines of the 6th plenary session of the 12th Party Central Committee and the 5th Session of the 6th NPC, we should unite as one to adhere to the four cardinal principles; oppose bourgeois liberalism; consolidate and develop the political situation characterized by stability and unity; persist in the principle of reform, opening up, and economic invigoration; strengthen the improvement of socialist democracy and legality; bring into full play our role as a local organ of state power; and make new contributions to the improvement of socialist spiritual and material civilizations.

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CSO: 4006/761

SHANXI MEETING URGES STOCKTAKING, TAPPING POTENTIALS

HK110247 Taiyuan Shanxi Provincial Service in Mandarin 2200 GMT 10 Jun 87

[Summary from poor reception] The provincial government held a telephone conference on the evening of 10 June to make arrangements for a provincial drive to carry out stocktaking in warehouses and tap potentials. Vice Governor Bai Qingcai presided and spoke.

The meeting held: "The province's economic situation from January to May was very good. However, there are also a number of problems in economic work that merit serious attention. The main ones are: An excessive amount of industrial capital is tied up in finished products; production costs have risen; and there is a sharp contradiction between capital supply and demand. All prefectures, cities, and departments must fully understand the importance of stocktaking and of finding out how much capital is tied up in finished products. The aim of this stocktaking is to reduce the irrational amount of stored goods and the capital tied up in them in the enterprises, thus enlivening the goods and the capital. This is an important aspect of the double increase and double economy drive, and a long-term task in our economic work. To make a success of this work is of very great significance for improving the economic results of the use of capital, invigorating production and circulation, and maintaining long-term stable economic development."

This stocktaking should mainly be carried out in enterprises in the province's industrial, communications, posts and telecommunications, material supply, supply and marketing, commercial, grain, and foreign trade systems. Items to be checked include raw materials, fuels, finished and semi-finished goods, and so on, together with cash in hand, loans, debts, and bonds. The focus in the stocktaking is on resolving relevant problems dating before 1986.

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CS0: 4006/761

PROVINCIAL

ECONOMIC

CHONGQING LEADER HOLDS DIALOGUE WITH PLANT MANAGERS

HK110229 Chengdu Sichuan Provincial Service in Mandarin 0000 GMT 11 Jun 87

[Excerpts] Chongqing City Mayor Xiao Yang yesterday held a dialogue with over 50 plant managers and directors practicing the contracted management responsibility system. The meeting took place in the state-owned Changan machinery plant. The participants focused on discussing how to achieve targets for this year.

Mayor Xiao Yang fully endorsed the experiences of the enterprises practicing the contracted management responsibility system. He said: To fulfill this year's industrial production tasks, it is first necessary to eliminate bureaucratism in the course of promoting the double increase and double economy drive. The leaders at all levels must improve their leadership style and go deep into the grass roots to do good and practical things for the enterprises. Second, we must resolutely curb indiscriminate price hikes. Third, the enterprises should tap their own potentials and improve their adaptability. Fourth, enterprises practicing various responsibility systems must correctly handle the relations between the interests of the state, the enterprises, and the staff and workers.

Xiao Yang expressed the hope that the plant managers and directors will emancipate their minds and be bold in exploring new problems encountered in reform. They should make greater contributions to perfecting the socialist system and building the four modernizations.

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CSO: 4006/761

XINJIANG SCORES SUCCESS IN URBAN STRUCTURAL REFORMS

HK120307 Urumqi Xinjiang Regional Service in Mandarin 1200 GMT 11 Jun 87

[Excerpts] What is the state of urban structural reform in Xinjiang? On 8 June, we interviewed (Du Yongguang), director of the regional structural reform office. He cited hosts of facts to show that urban economic structural reform in the region has yielded marked success. The reforms have stimulated the sustained development of the region's economy, yielded tangible benefit for the people, and consolidated and developed the political situation of stability and unity. The following are the main expressions of the successes achieved:

1. The enterprises have been continually invigorated. In reforming the enterprises' operating mechanism, a variety of internal economic responsibility systems has been instituted, and 1,625 medium and small commercial enterprises have instituted the leasing system, while 42 industrial enterprises have instituted contracted management. Six industrial enterprises are now practicing the leasing system. In reforming the enterprise leadership setup, 624 enterprises and a number of large and medium shops have instituted the manager responsibility system. Many useful explorations have also been undertaken in reforming the internal distribution system in the enterprises.
2. The ownership system structure is gradually becoming more rational. In the past there was one-sided emphasis on developing the economy under ownership by the whole people, while collective economy was slighted and weakened and individual economy was squeezed out. As a result the ownership system structure became irrational. Since the 3d Plenary Session of the 11th CPC Central Committee, the supply and marketing cooperatives have been changed from being run by the government to being run by the people and whole-people ownership has been changed to collective ownership. Effective measures have also been taken to develop collective and individual economy. Thus there have been marked changes in the ownership structure. The proportion of whole-people ownership in the region's industrial output value in 1986 was 84.74 percent of the total value, compared with 92.25 percent in 1980. The proportion of collective and individual economy in this figure rose from 7.75 percent to 15.26 percent over the same period.

3. The scope of planned commodities has narrowed, and the market mechanism has started to play an important role. The region has reformed the procurement system for agricultural, animal, and sideline products and for industrial products for daily use, gradually lifted restrictions on the purchase and sales policies, reduced the number of planned commodities, and expanded the scope of regulation by market mechanism.

According to statistics, the number of commodities under planning controls in the region has dropped from 188 in the past to 23 now.

4. External economic and technological ties are expanding all the time. This has spurred the change of the region's economy from facing inward to facing outward. By the end of 1986, Xinjiang has established economic and technological cooperation relations with 28 provinces, municipalities, and autonomous regions, and 13 central ministries and commissions. Agreements for 1,100 cooperation projects were signed that year, and 33 million yuan in capital were brought into the region. The total output value involved is 260 million yuan and the increased tax and profits payments amount to 42 million yuan.

Xinjiang has also established foreign trade ties with some 50 countries and regions. The region has used \$17 million in foreign capital and its total foreign trade volume is \$280 million.

5. The region has stimulated the readjustment and sustained development of the economic structure. The proportions between agriculture, light industry, and heavy industry have become more harmonious. During the Sixth 5-Year Plan, the region's total social output value, industrial and agricultural output value, and national income respectively rose by annual averages of 11.7 percent, 12.2 percent, and 11.3 percent, greatly exceeding the average increases recorded between 1953 and 1978.

6. Great success has also been achieved in reforms in planning, finances, prices, taxation, material supply, and labor and personnel work.

7. There has been a marked improvement in urban and rural living standards. The political situation of stability and unity has been consolidated and developed. The average peasant net income in 1986 was 419 yuan, more than double the 1980 figure. Only about 13 percent of the rural households are now poor households with incomes below 200 yuan a year. The average annual wage of workers in units under whole-people ownership was 1,498 yuan, a rise of 69.2 percent over 1980.

The food and clothing problem for the great majority of people in the region has been solved and some people have started to attain a comfortably well-off level.

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CSO: 4006/761

XIZANG LEADER COMMENTS ON SOUTHWEST ECONOMIC MEETING

HK050309 Lhasa Xizang Regional Service in Mandarin 1030 GMT 4 Jun 87

[Excerpts] XIZANG RIBAO reporter (Wang Shiliang) has interviewed Doje Cering, chairman of the regional government, on issues regarding the recent session of the southwest economic coordination conference in Chengdu, Sichuan.

Doje Cering said: As a result of this meeting, we got to know the marked successes and experiences of the fraternal provinces and regions in promoting lateral economic ties.

He said: The southwest needs ties and cooperation, and Xizang needs all the more to establish ties and cooperate with fraternal provinces in the southwest. This is the most urgent road for us to follow in developing socialized commodity economy in Xizang.

We have worked hard to lift restrictions and promote invigoration in recent years and have adopted a series of special policies, thereby making a start in economic development. However, our progress is not very marked. Some 800 million mu of useable pasture, 94.8 million mu of forests, over 70 kinds of underground minerals, and many other unique natural resources have not yet been exploited and used properly because we have been unable to do so. Therefore, we are still [words indistinct] in a storehouse of treasures. If we only relied on our own efforts, we would be unable to accomplish the task in 10 or more years.

Doje Cering said: The development of socialized commodity production depends on talent and capital, and it is precisely these that we lack. We cannot completely rely on the state. Some problems can only be resolved by promoting lateral ties with fraternal provinces and regions. We must therefore unswervingly follow the path of establishing ties with them and thereby import technology, talent, capital, and advanced management so as to promote the progress of our own technology, the maturing of our own talented people, and the improvement of our management standards.

Doje Cering said: In present circumstances, the key lies in our own confidence. Xizang is rather backward now, but in the process of cooperation we will be able to acquire effective support and help from fraternal

provinces and regions, based on the spirit of voluntariness and equality and the promotion of mutual interests. We will provide them with all possible favorable treatment and conveniences.

On the question of how to ensure economic results of ties and cooperation, Doje Cering said: Economic results are the core of ties and cooperation. To ensure that both parties will get good results from cooperation between fraternal provinces and Zizang, it is necessary to carry out more feasibility studies, to avoid blindness. Following several years of practice, Xizang has gained some experience in this respect.

It is initially estimated that cooperation can be promoted in the following fields: 1) animal husbandry, forestry, stockbreeding, and processing trades; 2) the exploitation and use of energy centered on hydropower and geothermal energy; 3) tourism; 4) mining; 5) developing the production of export commodities and nationality products.

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CSO: 4006/761

BRIEFS

GUANGDONG ENTERPRISES BOOM--Beijing, 2 Jun (XINHUA)--Since opening to the outside world almost a decade ago, Guangdong Province, south China, has earned more than U.S. \$1.4 billion in the garment trade. There are now nearly 9,000 garment-making enterprises throughout the province employing one million workers, the PEOPLE'S DAILY reported today. According to statistics from the Bank of China, the enterprises earned U.S. \$270 million in 1986, making up 20.5 percent of the province's total. Last year, the foreign currency Dongguan City earned from processing trade made up 10 percent of the city's total industrial output value. Even the province's toy industry experienced a boom when foreign processing and assembly equipment was imported. Exports of toys earned U.S. \$89 million for the province, making it the leader in the country. [Text] [Beijing XINHUA in English 0631 GMT 2 Jun 87 OW] /9738

CSO: 4020/212

NEW PLANS FOR RURAL INDUSTRY DEVELOPMENT

OW031207 Beijing XINHUA in English 0951 GMT 3 Jun 87

[Text] Beijing, 3 Jun (XINHUA)--China's rural industry will continue to receive government support for new development in the next decade, according to today's CHINA DAILY.

The central government has pinned its hopes of providing jobs for a projected 200 million surplus rural laborers on the development of rural enterprises in the next 13 years, the paper quoted Zhang Yi, deputy director of the Bureau of Rural Enterprise Administration under the Ministry of Agriculture, Animal Husbandry and Fisheries, as saying.

He said that his bureau plans to raise the annual output value of rural industry to 1,500 billion yuan by the year 2000 from about 350 billion yuan last year.

To facilitate this development, he disclosed, his bureau has already mapped out new plans for reorienting the production of existing rural enterprises and to set up more new ones, mainly in inland areas.

He said the Central Committee of the Chinese Communist Party already has issued three circulars to promote the country's rural industry, and all local governments at the provincial level have worked out new guidelines for its further development.

A rural enterprise law has also been drafted, and is expected to be promulgated later this year.

Two national centers have been set up in Beijing and Suzhou to train directors of county-level rural enterprises. And banks have pledged to continue loans to these enterprises despite fund shortages, the deputy director said.

"The government has realized that the country can hardly expect to achieve its modernization targets without rural enterprises," Zhang said.

He said that its development can increase state revenue, reduce state investment, employ surplus rural laborers, improve rural public facilities, raise farmers' incomes, and enhance social stability in rural areas.

China now has more than 15 million rural enterprises employing more than 79.4 million workers.

Last year, these enterprises operated by townships, villages and individual farmers produced 354 billion yuan worth of goods, a growth of nearly 40 percent over those in 1985. The figure accounted for 19 percent and 48 percent respectively of the country's total social and rural output value in the year, according to Zhang.

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CSO: 4020/212

CEI LISTS INVESTMENT OPPORTUNITIES IN CHEMICALS

OW080920 Beijing XINHUA in English 0637 GMT 8 Jun 87

[Text] Beijing, (CEI)--Following are projects announced by Sinochem Development Company Ltd, at a recent press conference (See CEI060816)

Shanxi

1. Sponsor: Jin-an Chemical Industrial Factory
Content: Introduction of equipment and technology of a production line of 5000t/y lacquers nitrocellulose
Form of cooperation: compensation trade

Shanxi

2. Sponsor: Linfen Organic Chemistry Factory
Content: Technology improvement for the production of pentachloronitrobenzene
Form of cooperation: compensation trade

Shanxi

3. Sponsor: Shanxi Vinylon Factory
Content: Introduction of a complete set of equipment and techniques for 2000t/y pva 1788 plant
Form of cooperation: compensation trade

Shaanxi

4. Sponsor: Baoji Chemical Factory
Content: Introduction of equipment and technology to set up a new plant to produce 500t/y to ammonium persulfate
Form of cooperation: compensation trade

Shandong

5. Sponsor: Laiwu Fertilizer Plant
Content: Introduction of a complete set of equipment and technology for citric acid 3000t/y
Form of cooperation: compensation trade

Shandong

6. Sponsor: Zibo Plastic No. 1 Plant
Content: Introduction of a valve square bottomer machine to produce 10 million wpp. valve square bottom bags
Form of cooperation: compensation trade

Shandong

7. Sponsor: Zaozhuang Plastic No. 1 Factory
Content: Introduction of a valve square bottomer machine to produce 10 million wpp. valve square bottom bags
Form of cooperation: compensation trade

Guangdong

8. Sponsor: Shenzhen Titanium Dioxide Factory
Content: Introduction of technology and key equipment for titanium dioxide 30000t/y by chlorination route
Form of cooperation: joint venture, compensation trade or license

Guangdong

9. Sponsor: Pingyuan Rare Earth Factory
Content: Introduction of equipment and control system for rare earth processing plant for 100t/y
Form of cooperation: joint venture, compensation trade or co-management

Guangdong

10. Sponsor: Yatang Sugar Refinery
Content: Introduction of equipment and technology producing furfural 1000t/y
Form of cooperation: joint venture, compensation trade or co-management

Guangdong

11. Sponsor: Shaoguan Antiriotics Factory
Content: Introduction of equipment and technology for antiriotics
Form of cooperation: joint venture or compensation trade

Guangdong

12. Sponsor: Yunan Dyestuff Factory
Content: Introduction of equipment and technology for indigo powder 150t/y
Form of cooperation: compensation trade or joint venture

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CSO: 4020/212

LARGE INDUSTRIAL GROUPS IN GANSU 'PERFORMING WELL'

OW061051 Beijing XINHUA in English 0939 GMT 6 Jun 87

[Text] Lanzhou, 6 Jun (XINHUA)--Large industrial groups, in Gansu Province, northwest China, are performing well and hundreds of participating factories have benefited, provincial officials said.

The province's factories launched 551 cooperation projects in the province and in 20 other provinces and regions over the past few years. These arrangements have earned an additional output value of 840 million yuan and additional profits and taxes of 150 million yuan.

By making use of idle workshops and surplus laborers, some large enterprises have opened small collectively-owned factories to boost their production, the officials said.

Some enterprises let small factories process products or make parts for them while others merge into industrial groups seeking cooperative links with factories in other provinces and regions to develop name-brand products and advanced technology.

The Changfeng household appliance enterprise group, originating with a Gansu-based machinery plant, now produces tv sets in addition to their original products according to the officials.

One year after it was set up in 1984, the enterprise group with 20 factories raised its annual output of washing machines from 70,000 to 170,000 and their members came to 29 in 1985 and now there are 125 member companies in 24 provinces and regions.

To ensure the quality of their products, the groups have tightened their quality control and introduced standardization and formed information networks for better coordination, officials said.

"Lateral economic cooperation is promising in the province, which has 160 large and medium-sized enterprises, of which 90 percent were built in the 1970's," officials said.

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CSO: 4020/212

LARGEST MACHINE TOOL GROUP SET UP IN SHANGHAI

OW031157 Beijing XINHUA in English 1050 GMT 3 Jun 87

[Text] Shanghai, 3 Jun (XINHUA)--China's largest machine tool group was set up in this biggest industrial city of the country today.

The Shanghai economic zone machine tool group consists of 97 machine tools manufacturers from Shanghai and five provinces, including Jiangsu, Zhejiang and Fujian.

The total industrial output value of all the enterprises hit 820 million yuan in 1986.

The foreign currency they earned for the country made up more than 50 percent of the country's total in machine building, said Tang Zhendi, chairman of the board, adding their products have been exported to dozens of countries and regions.

Shanghai is an important machine tool producer in the country. It will utilize a loan of nearly U.S. \$100 million from the World Bank along with a domestic investment of 125 million yuan.

Technology reform aims at introducing advanced technology and equipment and improving production techniques. As a result, the total industrial output value of all machine tool enterprises is expected to increase by 1.6 times by 1993 while foreign currency earning will increase by a similar amount.

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CSO: 4020/212

BRIEFS

SHAANXI INDUSTRIAL ACHIEVEMENTS--Shaanxi's industrial enterprises at and above township level produced an output value of 1.813 billion yuan in May, 12 percent more than in May last year. This was a record for any month. Total output value from January to May was 7.84 billion yuan, a rise of 11.2 percent over the same period last year. From January to May, light and heavy industry respectively fulfilled 40.1 percent and 40.3 percent of their plans for the year. Exports during the period amounted to \$59.28 million, a rise of 28.4 percent over the same period last year. [Summary] [Xian Shaanxi Provincial Service in Mandarin 2330 GMT 11 Jun 87] /9604

SHANDONG INDUSTRIAL ACHIEVEMENTS--During the January-May period, industrial and communications enterprises throughout Shandong Province scored a steady increase in production. They realized more than 27.3 billion yuan in total output value each quarter, a 14.9-percent increase over the figure of the corresponding 1986 period. Of this increase, that of light industrial output value was 11.8 percent and that of heavy industrial output value was 18.7 percent. The province's growth rate of industrial production, including that of the village-run industrial enterprises, reached 19 percent. [Summary] [Jinan Shandong Provincial Service in Mandarin 2200 GMT 10 Jun 87] /9604

QINGHAI INDUSTRIAL PROGRESS--Qinghai's industrial output value in May was 223.65 million yuan, 25 percent more than in May last year and a record. Total output value from January to May was 888.73 million yuan, representing 40 percent of the year's plan, and showing a rise of 21.1 percent over the same period last year. [Summary] [Xining Qinghai Provincial Service in Mandarin 0430 GMT 11 Jun 87] /9604

MOTOR VEHICLE PLANT RENOVATION--Changchun, 10 Jun (XINHUA)--By today China's No. 1 motor vehicle plant has produced 20,069 new "jiefang" (liberation) trucks, fulfilling half of this year's plan 20 days ahead of schedule. "This shows that the plant's technical renovation has been successful," said Geng Zhaojie, director of the 33-year-old enterprise. The plant has imported advanced technology from the United States, Federal Germany and Japan for its technical renovation to bring out a new "jiefang" model since 1983, Geng said, adding that it began producing the new model 1 January, 1987. The plant has recorded a sustained increase in output and its daily output averaged 200 trucks last month. "Our plant is expected to produce 10,000 trucks more than this year's schedule and make an additional 100 million yuan in profits this year," Geng said. [Text] [Beijing XINHUA in English 1418 GMT 10 Jun 87 OW] /9738

SOUTHWEST ECONOMIC CONFERENCE PROMOTES COOPERATION

HK290557 Chengdu Sichuan Provincial Service in Mandarin 0000 GMT 28 May 87

[Excerpts] Through joint efforts, the six-party Southwest Economic Coordination Conference, which comprises Yunnan and Guizhou provinces, Guangxi and Xizang regions, Chongqing City, and Sichuan Province, has achieved remarkable success in promoting their combined and cooperative operations. Over the past year, the six parties have reached agreements on a total of 1,629 combined and cooperative projects. Of these, 1,056 projects have been carried out. A multilayered, multifomed, multichanneled, and all-around lateral economic network is currently coming into being, step by step.

The 5 provinces and regions decided through consultation to build 14 highways linking up their border areas. Of these, four highways have already been opened to traffic, and eight highways are under construction. They are currently engaged in expanding their coordinated transport networks, promoting the realignment of their inland rivers, and jointly building access channels to the sea [chu hai tong dao]. The (Nanfang) railway has been completed and has also been opened to traffic.

The six-party trade fairs, sales exhibitions, and order-placing meetings held during the past year numbered 25, with a business volume totaling over 3.2 billion yuan. Last year's lateral accommodation of funds among the six parties totaled more than 6 billion yuan. The six parties also developed their scientific and technological market last year, with the signing of contracts on nearly 1,000 scientific and technological projects.

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CSO: 4006/764

SOUTHWEST ECONOMIC COORDINATION MEETING CONCLUDES

HK300155 Chengdu Sichuan Provincial Service in Mandarin 0000 GMT 30 May 87

[Text] The fourth meeting of the six-member southwest economic coordination conference concluded in Chengdu on 29 May after completing its agenda. Sichuan Provincial Party Committee Secretary Yang Rudai, the host of the meeting, presided at the closing ceremony. At the conclusion, a number of guiding principles regarding the fourth meeting and views on vigorously promoting lateral economic ties and cooperation were read out. The meeting also approved in principle a report to be sent to the State Council on the proceedings of the meeting.

After repeated consultations and studies, the six members of the conference reached agreement on organizing a lateral cooperation network of financial organs. They also approved views on further developing economic and technological cooperation in agriculture and animal husbandry. At the same time, cooperation schemes were drawn up on ties and cooperation in the textile industry and links in communications, transport, and a number of other undertakings.

According to incomplete statistics, the meeting reached 295 agreements on ties and cooperation projects. The meeting also held discussions on agricultural and animal husbandry development, economic and social development in minority-nationality areas, investigation and exploitation of resources in the southwest, and construction of the (?Lanzhou)-Kunming railroad.

The participants held: The southwest covers a vast area very suited to the all-round development of agriculture, animal husbandry, sideline occupations, and fisheries. They unanimously agreed to regard the development of agriculture and animal husbandry as a focal point in economic and technological ties and cooperation, and to strengthen the agricultural foundation and boost its reserve strength.

The meeting exchanged views on improving the work of the economic coordination conference. The participants unanimously proposed that it is necessary to continually improve the standard of the conference's work in the spirit of reform.

Yang Rudai spoke at the conclusion of the meeting. He said: This meeting has signed views on further developing ties in agriculture, animal husbandry, finances, and the textile, light, and machine-building industries. A number of cooperation projects have also been agreed. This meeting has completed its predicted tasks and goals. I hope all members of the conference will achieve still greater success in the double increase and double economy drive and in common efforts to promote invigoration.

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CSO: 4006/764

HUAIHAI ECONOMIC REGION BOOSTS CIRCULATION, OUTPUT

OW280854 Beijing XINHUA in English 1641 GMT 28 May 87

[Text] Nanjing, 28 May (XINHUA)--The total output value of agriculture and industry of the Huaihai Economic Region last year increased by 10.45 percent to reach 83 billion yuan (about US\$22.41 billion), according to a spokesman for the region.

The Huaihai Economic Region was set up in March 1986 with Xuzhou, in Jiangsu province, as the center. The region consists of 16 cities and prefectures in northern Jiangsu, southern Shandong, northern Anhui and eastern Henan provinces, covering an area of 159,000 square kilometers and with a population of 97.57 million.

"The region is rich in agricultural and mineral resources. To develop the rich potential within the region, 40 joint economic development organizations have been established and economic benefits have been achieved," said the spokesman.

"The region has opened dozens of commodity fairs to speed up the circulation of goods and materials between different parts. The volume of business at every fair averaged 50 million yuan to 100 million yuan. Commodities scarce in the past are easy to obtain now," he said, adding that the total volume of business at 14 material markets which were opened last year to meet urgent demand for materials from different industries in the zone amounted to 570 million yuan.

The Huaihai Economic Region also takes full advantage of the two ports of Lianyungang and Shijiugang, both in northern Jiangsu province, to expand exports. Export agreements involving 127 million yuan were signed at recent trade talks in Lianyungang, the spokesman said.

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CSO: 4020/214

HUNAN CITY BEING BUILT INTO COMMERCIAL CENTER

HK140331 Changsha Hunan Provincial Service in Mandarin 1000 GMT 12 May 87

[Excerpts] During the promotion of its urban reform, Huaihua City has given full play to its distinguishing features and gradually turned itself from a communications hub into an economic center, thus changing its communications-related superiority into a superiority relating to commodity circulation. The city's aggregate sales of social commodities in 1986 reached 1987 million yuan, an increase of 18 percent as compared tih 1985. During the January-April period this year, the city's aggregate sales of social commodities increased by 16 percent as compared with the same period last year.

The city's plan emphasizes the development of its light, textile, and food processing industries with the aim of using the development of these industries to bring along the development of other industries. The city has so far established 20 food processing factories. The city is also stepping up the building of a sheet factory with a designed annual output of 2 million sheets and the building of a brewery with a designed annual output of 10,000 tons of beer.

In 1986, the city surpassed the record year in total industrial output value by topping 100 million yuan, an increase of 25 percent as compared with 1985.

Hunan Province's first western regional trade fair, held last October in this city, achieved a trade volume totaling 450 million yuan. This trade fair was jointly sponsored by Huaihua City and other relevant provincial and prefectural authorities. The trade fair payed a positive role in reinvigorating the economy of Huaihua City. At present, preparations are bieng made to hold Hunan Province's second western regional trade fair. Huaihua City is currently being built into a multilayered, multiformed, and multichanneled commercial center for commodity circulation.

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CSO: 4006/764

SHANDONG'S YANTAI IMPROVES INVESTMENT ENVIRONMENT

OW300354 Beijing XINHUA in English 0140 GMT 30 May 87

[Text] Yantai, 30 May (XINHUA)--Yantai city in Shandong Province reached agreement on 42 projects for overseas cooperation with a business volume of US\$35.02 million in the first four months of this year.

Mayor Yu Zhengsheng of Yantai city said that the figure was 5.7 times that for the same period of last year. He attributed this "pleasant beginning" to improved infrastructure and work efficiency by local authorities.

Yantai is one of China's 14 coastal cities open to the outside world and one of the 20 cities with a total annual industrial output value surpassing 10 billion yuan (about US\$270 million).

Since 1984, Yantai has signed 121 contracts worth a total of more than US\$167.19 million. They involve 33 Sino-foreign joint ventures and co-management projects. To date, 71 foreign-funded projects have gone into operation, Yu said.

"It is important to provide a better investment environment to attract more foreign investors," said Yu.

Yantai will invest 55 million yuan to expand its airport, which has opened domestic routes to Beijing, Shanghai, Jinan and Dalian. When the expansion project is completed next year, it will be able to accommodate large planes, said the mayor.

The renovation of the railway system, the building of new highways and a project to install piped gas are all underway.

The construction of Yantai Harbor, now in progress with a total investment of 350 million yuan, is expected to double its marine freight-handling capacity when completed by 1989.

The city's telecommunications building, which has installed a 10,000-line program-controlled switchboard, will be operational in July.

A 100,000 kw generating unit has been put into operation at a power plant near Kengkou. And two 200,000 kw generators will be launched before the end of next year.

Groups, factory buildings, and other necessary infrastructure have been constructed in the city's economic and technological development zone. Seven Sino-foreign joint projects and 12 other projects involving cooperation with other regions in China have been attracted to the area.

Yantai has worked out its own set of preferential terms regarding land use, foreign exchange adjustment, and supplies of funds, goods and materials for foreign investors. These preferential terms will work hand in hand with the provisions of the State Council to encourage foreign investment, the mayor added.

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CSO: 4020/214

SHANTOU ECONOMIC ZONE ACHIEVES 'REMARKABLE' RESULTS

OW301048 Beijing XINHUA in English 0652 GMT 30 May 87

[Text] Guangzhou, 30 May (XINHUA)--The Shantou Special Economic Zone (SEZ), one of China's four open to foreign investment, technology and trade, has achieved remarkable economic results since its establishment five years ago.

Last year, its industry and agriculture generated 140 million yuan (about US\$40 million) in output value and earned US\$74 million in foreign exchange through exports, both doubling the figures for the previous year.

During the first four months of this year, the industrial and agricultural output value, and earnings in hard currency achieved 117 percent and 93 percent increases, respectively, over the same period last year, bringing the figures up to 71 million yuan and US\$30.9 million, according to a local official here today.

From 1981, when the SEZ was set up, to the end of last April, Shantou used 333 million yuan for infrastructural construction.

To date, the Shantou SEZ has imported 334 foreign-funded projects using about US\$100 million, and 262 out of its 420 businesses are engaged in industrial and agricultural production.

From 70 percent to 90 percent of their products are for export, mainly to Japan, France, Federal Germany the United States, Canada and Southeast Asian countries, as well as Hong Kong and Macao.

The Shantou SEZ has also set up offices in the United States and Hong Kong to channel information to investors.

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CSO: 4020/214

SHENZHEN TO GRANT AUTONOMY TO STATE BANKS

HK130247 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 13 May 87 p 1

[By Olivia Sin]

[Text] Authorities of the Shenzhen Special Economic Zone [SEZ] are drafting proposals to transform state-owned banks in the zone into independent enterprises responsible for their own profits and losses.

Luo Xianrong, head of the Shenzhen branch of the People's Bank of China, said he hoped the proposals would be ready this year and that Shenzhen could move ahead of other regions in the implementation of financial reform.

Turning state banks into independent banks is a major feature of the ambitious reforms that seek to inject life into the country's rigid financial system.

Premier Zhao Ziyang told the National People's Congress in March that specialised banks and insurance companies" at the provincial level or below" should experiment at operating as enterprises this year.

These specialised banks are the Bank of China, the Agricultural Bank, the Industry and Commerce Bank and the Construction Bank.

"It's a complicated issue. We are still exploring ways that will make our specialised banks genuine separate entities that will not rely on government subsidies," Mr Luo said.

He was speaking in Hong Kong yesterday at the signing ceremony of a US\$64 million loan syndication to finance the construction of the Palace Hotel in Beijing.

Mr Luo said the specialised banks in Shenzhen had already ceased to rely on their head offices in Beijing for supplies of capital. The tasks now were to make the banks profitable concerns and grant autonomy to their general managers.

Beijing's policy of delegating decision-making powers to factory managers is easier said than done.

Chinese officials have admitted that some powers have been withheld by either party members or other unspecified "intermediate links" in some regions and departments.

Mr Luo said China had decided to sub-contract some state enterprises out to third parties to improve management and increase efficiency of the enterprises. Whether state banks will be sub-contracted in the same way is now known.

"The bank reform proposals will also study the necessity of introducing internal structural changes, as well as finding fair and objective ways to evaluate the performance of banks," he said.

Some banks have been discovered using "undesirable" methods to boost earnings, such as charging excessive interest on loans extended to companies scorned by other banks.

Some Chinese officials said the four specialised banks were not competing on equal grounds.

They said the Bank of China, with its strong foreign exchange reserves and wide network in the country, would be in a better position to compete than banks like the Agricultural Bank, which mainly handles transactions in yuan.

Mr Luo said he expected the business of foreign banks in the SEZ to improve this year because their parent banks were willing to transfer some of their business to the Shenzhen branches.

Many foreign bank branches have complained of lack of business opportunities in Shenzhen. In response, China has gradually relaxed some restrictions on the banks.

For example, Shenzhen branches are now allowed to handle business outside the SEZ, accept foreign exchange deposits and extend loans to state-owned enterprises.

Mr Luo reiterated that no more foreign banks would be allowed to open branches in Shenzhen in the near future.

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CSO: 4020/214

SHENZHEN CRACKS DOWN ON FOREX BLACK MARKET

HK290346 Beijing CHINA DAILY in English 29 May 87 p 3

[Text] Two business firms have been closed and another five fined in Shenzhen Special Economic Zone in a crackdown on black market deals in foreign exchange.

One firm to be closed was Shenzhen Baomin United Company, which also had its foreign exchange bank account confiscated. The firm had collected foreign exchange on the black market and sold it to other units for profit, HENZHEN SPECIAL ZONE DAILY reported on Wednesday.

From June to December in 1986, the paper said, Dai Xiaohuan, deputy general manager of the company, allowed the company to transact 15.61 million Hong Kong dollars and \$30,000 in collaboration with six black market dealers.

The local government confiscated the foreign currencies it seized at the company and also sentenced Dai to two years in labour camps.

Haipeng Shatoujiao Co-operative was shut down and fined HK\$1.259 million for having sought 33,000 Hong Kong dollars in commission fees by illegally lending its foreign exchange bank accounts to another company, which was not licensed to hold foreign currencies. The co-operative was also charged with having exchanged 2.845 million Hong Kong dollars on the black market.

The recent crackdown on illegal foreign exchange dealings came only two weeks after the Shenzhen Municipal Government announced 11 new rules for tighter control on the use of foreign exchange and for the punishment of units and individuals that deal illegally in foreign currencies.

Since last winter, such black market dealings in foreign exchange have been increasing. The main target of the current crackdown has been those State units and cadres who have ganged up with black market dealers.

To prevent individual companies from the possible unauthorized use of their foreign exchange incomes, the regulation stipulates that all foreign trade incomes must not be deposited overseas without the permission from the municipal government.

All bazaars and shops are prohibited from marking prices of their goods in both Renminbi yuan and foreign currencies, the regulation said. In shops where both Renminbi yuan and foreign exchange are accepted, separate counters should be set up for use of either Renminbi yuan or foreign exchange. Shops that violate this rule will be closed and their management prosecuted.

Banks are not allowed to open foreign exchange accounts for any unit without permission. And bank clerks will be severely punished if they are found to have collaborated with black market dealers.

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CSO: 4020/214

YANTAI AIDS FOREIGN-FUNDED JOINT VENTURES

OW281332 Beijing XINHUA in English 1226 GMT 28 May 87

[Text] Jinan, 28 May (XINHUA)--Joint ventures in Yantai, one of the 14 coastal cities open to foreign investment, are now finding it easier to get steel, cement, coal and other raw materials and funding.

Since 1 January, Yantai's joint ventures got supplies of 425 tons of steel, 2,100 tons of cement and 150 tons of coal.

The Yantai branch of the Industrial and Commercial Bank of China also offered Chinese partners loans totalling 5.95 million yuan (US\$1.6 million) for their share in joint investments, with local branches of the Bank of China also granting loans of US\$500,000 and 7.29 million yuan (US\$1.97 million).

"The Yantai Government has handled and helped to resolve 70 similar cases so far this year," Liu Yiqing, vice-chairman of the city's Foreign Economic Relations and Trade Commission said, adding to date, the city has signed 33 contracts on Sino-foreign joint ventures and cooperative enterprises, with six now operational, and two in trial production.

"Because of a power shortage, some enterprises are working a five day week temporarily," Liu said, "but for some export-oriented joint ventures the city government has increased power supplies to facilitate production."

"A stone and jade processing project, funded by Yantai and Hong Kong, will start production on schedule this October thanks to an efficient construction team contracted by the city government," Liu said.

Early this year a service center was set up to facilitate the city's foreign investment which provides auditing, accounting, consultation, construction and legal services, and helps distribute raw materials.

The official said, "because of the city government's enthusiastic support, all Yantai's six joint ventures now in production will show profit this year."

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CSO: 4020/214

BRIEFS

WUHAN ECONOMIC COOPERATION REGION--Changsha, 30 May (XINHUA)--The Wuhan Economic Cooperation Region on the middle reaches of the Yangtze River was set up this week to coordinate industrial development in this area. "With the reduction in the government's supervision, enterprises have to find their own markets for raw materials and goods," said an official in charge in the region. "So it is necessary for the local government to help enterprises adjust materials, borrow and lend money and exchange information to raise economic efficiency," he added. The region, involving 17 areas in the provinces of Hunan, Hubei and Jiangxi, has already helped enterprises in these provinces acquire 5,135 tons of various kinds of materials, and borrowed and lent 1.8 billion yuan since January. Increasing contacts among the enterprises in these three provinces have gone beyond the administration and range of the production departments, and have made the setting up of the economic cooperation region urgent, said the official. The China Communications Bank is preparing to set up a branch in Wuhan to offer to both Chinese and foreign clients short- and long-term deposit services. One of its functions is to offer capital to enterprises in the Wuhan Economic Cooperation region. [Text] [Beijing XINHUA in English 0530 GMT 30 May 87 OW] /12913

EXPERIENCED TECHNICIANS 'RUSHING' TO SHENZHEN--Shenzhen, 29 May (XINHUA)--Many experienced technicians from inland areas are rushing to Guangdong's Shenzhen Special Economic Zone to head nongovernmental enterprises. So far, Shenzhen has 48 nongovernmental enterprises run by senior technicians from major inland cities such as Beijing, Shanghai, Guangzhou, Xian and Wuhan. "The new directors are professors, senior engineers and lecturers, who have resigned their former jobs and shifted to new positions in Shenzhen," the official said, adding by coming to the zone they have brought a lot of up-to-date technology and know-how which has helped to develop local industry. Liu Zhongqi, a former chief engineer at the Chengde Instruments Factory, is introducing his own designs at the Shenzhen Wuyue Electric Technology Development, Ltd. Most of these nongovernmental enterprises involve the light and electrical industries, and each required an initial investment of about 67,000 yuan (US\$18,100). "Encouraging the development of nongovernmental enterprises is to bring personnel initiative into full play, and accelerate the zone's economic development," the official said. "Shenzhen has also implemented a series of preferential treatment policies related to income tax breaks for nongovernmental enterprises," he said. [Text] [Beijing XINHUA in English 0634 GMT 29 May 87 OW] /12913

CUSTOMS PROCEDURES SIMPLIFIED--Beijing, 30 May (XINHUA)--The customs station of the Shekou Industrial District in the Shenzhen Special Economic Zone has simplified the procedures for enterprises located there, today's overseas edition of the PEOPLE'S DAILY reported. Since the industrial district opened to foreign investment, some 340 enterprises using foreign funds have been set up. Goods imported or exported by 15 foreign-invested enterprises are allowed to pass without customs declaration; the owners can fill in declaration forms a week later. The customs also helps enterprises solve their problems. A joint venture producing containers found its products piling up in the warehouses because of a slump in world marine transportation. At the request of the factory, the customs allowed it to turn to making other products with its materials, supplying other tax-free units in Shenzhen. [Text] [Beijing XINHUA in English 0930 GMT 30 May 87 OW] /12913

FOREIGN FIRMS PROSPERING--Shantou (CEI)--The Shantou Special Economic Zone, one of China's four, now boasts 25 enterprises funded exclusively with foreign capital, and 60 percent of them have already expanded production. During the first four months of this year, investment and industrial output value of these 25 enterprises increased respectively by 174 and 161 percent over the same period last year. These enterprises now employ 4,490 workers, an increase of 157 percent over the same period last year, and added over 10,000 square meters of factory space. To date, 12 of the enterprises have added more buildings, installed new equipment and hired more workers. The Yesheng Company, Ltd. has increased total factory space from 2,028 to 6,034 square meters and the company's number of workers has jumped from 200 to 600. [Text] [Beijing XINHUA in English 0611 GMT 15 Jun 87 OW] /12913

HIGHER INDUSTRIAL PRODUCTION--Shenzhen, 16 June (XINHUA)--The export-oriented economy of the Shenzhen Special Economic Zone has recorded an increase of 71.5 percent, reaching 1,935 million yuan (about US\$532.45 million) in industrial output value in the first five months of this year. At the same time, foreign trade volume increased by 104 percent over the same period last year to 1.82 billion yuan. Construction and adjustment over the past six years have built up an economy that taps foreign capital and exports most of its products, a local official told XINHUA. Estimates show that 273 enterprises with foreign investment are operating in the city, mostly employing advanced technology. More than 60 percent of their products are sold overseas. During the first five months, enterprises with foreign investment turned out 63 percent of the city's total industrial products and 51 percent of its total exports in terms of value. The city also boasts 255 cooperative businesses with enterprises in other parts of the country. [Text] [Beijing XINHUA in English 0835 GMT 16 Jun 87 OW] /12913

INSURANCE HELPS VENTURE REOPEN--Shenzhen, 29 May (XINHUA)--A joint venture enterprise in Shenzhen lost all of its workshops in a fire last August, but was able to restart production one month later. The "Wanfeng Sponge Factory," a Shenzhen-Hong Kong joint venture, was compensated 1.2 million Hong Kong dollars (US\$154,000) by the Shenzhen People's Insurance Company, the local branch of the Chinese People's Insurance Company. According to statistics, joint ventures in Shenzhen, one of China's four special economic zones, have taken out 406 policies worth US\$260 million. To date, the Shenzhen Insurance Company has paid out 5 million Hong Kong dollars (US\$641,000) in compensation

for accidental loss," the company's branch manager reported. According to a local official, "the insurance policies have helped alleviate investment risks and have made investors feel more secure." Chen Guofeng, deputy general manager of the Shenzhen People's Insurance Company said, "our company provides more than a dozen different insurance-related services covering natural disasters, and commercial, trust, responsibility and investment risks." "To improve our services, we have opened cooperation with ten overseas insurance companies and agents," Chen said, "and last year 445 businesses took out policies with the company worth 2.8 million Hong Kong dollars (US\$757,000). [Text] [Beijing XINHUA in English 0147 GMT 29 May 87 OW] /12913

DEVELOPMENT ZONE OPEN--Shanghai, 29 May (XINHUA)--The Shanghai Minhang Economic and Technological Development Zone is opening 100 key projects to foreign investment and cooperation, a local official announced today. "The projects fall into six categories, including machinery, electronics, medicine and medical equipment, light industrial products, building materials and advanced technology," Ruan Yanhua, deputy general manager of the Shanghai Minhang United Development Co., Ltd. said. "Now 70 percent of the company's products are export-oriented, and the region's foreign investors enjoy local preferential treatment policies in addition to those issued by the State," Ruan added. The Minhang Economic Zone, a newly-established administrative region covering 213 hectares, is 30 kilometers from Shanghai proper, and 27 kilometers from the local airport. So far, 16 enterprises funded by the Federal Republic of Germany, Japan, and United States and Hong Kong, involving a combined investment of US\$100 million, are in production in the zone. [Text] [Beijing XINHUA in English 0631 GMT 29 May 87 OW] /12913

FOREIGN INVESTORS MAKE PROFITS--Shenzhen, 14 May (XINHUA)--Most foreign investors in the Shenzhen Special Economic Zone in Guangdong province made profits in 1986, an official from the Shenzhen Finance Bureau told XINHUA today. Of the 179 foreign funded enterprises, 127 made profits totalling 84.58 million yuan, he said, adding that 11.75 million yuan were paid to foreign investors. The average investment return is 17 percent. Taking the city as a whole, the foreign exchange payments and expenditure are balanced, with a surplus of US\$38.5 million. However, 52 of the enterprise incurred losses of 10.48 million yuan. They suffered because some foreign investors did not invest enough to meet the needs of the enterprises as stipulated in the contracts and were forced to take out bank loans. The official used a joint venture plastics plant as an example. Although production and sales were good, it lost 3.29 million yuan because it was burdened by loan payments. He also attributed the losses to over-stocked goods and the high exchange rate between Renminbi and foreign currencies. There are 280 enterprises using foreign funds in Shenzhen. [Text] [Beijing XINHUA in English 0936 GMT 14 May 87 OW] /12913

CSO: 4020/214

FUJIAN ATTRACTS INCREASED FOREIGN INVESTMENT

HK020635 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0230 GMT 22 May 87

[Report: "Fujian Has Scored Initial Results in Introducing Foreign Investment"]

[Text] Fuzhou, 22 May (ZHONGGUO XINWEN SHE)--Fujian has scored initial results in introducing foreign investment. In the 15 months ending March 1987, Fujian Province has approved the setting up of over 100 new enterprises with foreign investment. Of the \$100 million plus investment, 35.6 percent is from North America, Australia, and Western Europe rather than from Hong Kong and Macao. In the new foreign investment contracts approved by the Xiamen Special Economic Zone last year, non-Hong Kong and Macao capital amounted to about 70 percent of the zone's investment, which exceeded investment from Hong Kong and Macao for the first time.

During the past 7 years, Fujian Province had approved the setting up of nearly 700 enterprises with foreign investment; over 80 percent of the projects and capital were from Hong Kong and Macao.

The composition of foreign investment is also changing. The earliest form of foreign investment in Fujian Province was compensation trade which, in recent years, has been replaced by enterprises with direct foreign investment. Since 1985, the province has approved the setting up of over 630 enterprises with foreign investment. The contracts amounted to over \$570 million, which was 930 percent more than the total sum for the past 5 years from 1979 to 1983.

Foreign investment has diversified from the garment industry, plastic industry, electronic assembly, and hotel services to larger businesses such as metallurgy, chemical industry, light industry, textile industry, food products, and construction materials. Production projects have grown from below 50 percent 3 years ago to above 90 percent. Products for export average at above 60 percent. Some newly developed products have filled the gap in Chinese products.

According to statistics, over 990 contracts making use of foreign investment have been signed in Fujian. The total sum of foreign investment covered by these contracts amounts to over \$900 million, of which \$510 million has been actually used. Large portions of the capital introduced has been invested in developing transportation, energy, telecommunications, and the construction of raw material industry, such as building the Xiamen airport, the Shuikou and Shaxikou hydroelectric power stations, and the Shunchang cement factory, which produces 600,000 tons annually.

In order to practically improve the investment conditions, Fujian Province last year established a working unit especially for foreign businesses to solve their problems and provide them with various conveniences. At the same time, the working unit also helps push investment of overseas Chinese and foreign businessmen from coastal areas toward the mountainous areas.

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CSO: 4006/764

GUANGXI DEVELOPS OUTWARD-ORIENTED ECONOMY

HK170915 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0425 GMT 11 Jun 87

[Text] Nanning, 11 Jun (ZHONGGUO XINWEN SHE)--Guangxi has been actively developing an outward-oriented commodity economy in recent years and has formed an all-round and multilevel network for outward economic cooperation.

In 1985 and 1986 the growth rate of total industrial output value in Guangxi has exceeded the average national growth rate for 2 consecutive years. This momentum continued during January to May this year. Last year, industrial output value increased by 1,750 million yuan, of which over 290 million yuan was earned by developing economic cooperation at home and abroad, as well as inside and outside the region.

Industry in Guangxi is relatively backward. In 1984, Guangxi started a large-scale economic and technological cooperation program and established economic cooperation with dozens of provinces and cities in the country, as well as with Hong Kong, Macao, and other countries. The results have been outstanding in the past 3 years. Agreements on over 3,000 projects of economic and technological cooperation have been concluded. Economic and technological cooperation has accelerated the economic development in Guangxi. Take the cement industry as an example. In recent years, the introduction of technology and equipment from Denmark and some advanced factories in the country has boosted annual cement output from 3.37 million tons in 1986. Large quantities of Wuyang brand cement produced by Liuzhou Cement Factory have been exported to Hong Kong and Macao.

The bicycle plants in Nanning and Yuling have cooperated with those in Shanghai to introduce equipment and technology for production. This caused bicycle production in Guangxi to increase from 540,000 in 1984 to 867,000 last year. The Feiyue brand and Qinniao brand bicycles produced in Yuling received favorable comments from foreign businessmen at the Paris World Exposition in May this year.

The Guangxi local government and China Nonferrous Metal Company have joined hands in technological reform and expansion of the Guangxi Dachang Tin Mine, one of the largest in China. This ended the prolonged stagnant situation of tin production in Guangxi with a big step forward. This is also the case with the domestic appliances industry. Since the introduction of advanced

technology and equipment from outside the region in 1984, refrigerator output in Guangxi has increased by over 700 percent, that of electric fans by 200 percent, and recorders by 220 percent.

With the introduction of advanced technology and equipment in recent years, Guangxi has been continuously developing new products, of which 180 were developed in 1986. The minicars produced by the Liuzhou Tractor Factory with introduced technology and equipment are very popular in the market. Production has increased by over 100 percent in 2 years. It is expected that the annual output of the minicars will reach 10,000 by the end of the Seventh 5-Year Plan and that the factory will be a key producer of minicars in China.

Developing an outward-oriented commodity economy has instilled new vitality into some enterprises in Guangxi. Factories making great losses in the [word indistinct], such as the Liuzhou Sewing-machine Factory and the Second Textile Factory of Liuzhou, have started economic and technological cooperation with other parts of the country. They invited groups of factory personnel from Shanghai and Jiangsu to be their technological consultants. The two factories also introduced capital for technological reform and updated their products. Their losses soon became profits. According to statistics, economic and technological cooperation with other areas has turned losses into profits. Over 40 enterprises in the whole region have increased their tax and profit by over 100,000 yuan in 1 year.

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CSO: 4006/764

GANSU RADIO STRESSES QUALITY CHECKS ON IMPORTS

HK130325 Lanzhou Gansu Provincial Service in Mandarin 2200 GMT 12 Jun 87

[Station commentary: "Quality Control of Imported Goods Cannot Be Neglected"]

[Excerpts] In the wake of the deeper implementation of the guiding principle of reform, opening up, and invigoration, Gansu's import trade has undergone relatively great development. This has played a positive and stimulating role in speeding up construction of key projects in the province, speeding the progress of science and technology, supplementing and increasing market supplies, and developing the province's economy.

However we must also realize that the struggle in import trade has always been extremely sharp and complex. There are indeed problems of passing off inferior commodities as good and old as new, delivering damaged goods, and so on. A few lawless businessmen are even deliberately deceitful when delivering goods. Last year the provincial Import and Export Commodities Inspection Bureau alone issued 195 certificates for compensation and recovered 6 million yuan for damaged goods. There has been a continued rise in the percentage of imported goods that are not up to standard in the first 5 months of the year. Hence, if we neglect to inspect imported goods, the problems cannot be discovered in good time, and small problems will inevitably become big ones.

We hope that the departments in charge, the consignees of goods, and the transport, storage, banking, and insurance departments will base their work on upholding the state's interests and further step up mutual support, coordination, and cooperation on the basis of division of responsibilities. They should do a good job at ensuring the quality of imported goods and truly succeed in managing and using well the province's limited foreign exchange, so as to obtain still greater economic results from it.

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CSO: 4006/764

JIANGSU HOLDS ECONOMIC COOPERATION SYMPOSIUM

OW010834 Beijing XINHUA in English 0802 GMT 1 Jun 87

[Text] Nanjing, 1 June (XINHUA)--Jiangsu, an economically developed province, has offered 222 projects for discussion at an economic and technological cooperation symposium which opened here today.

Participating in the discussion were the provincial foreign economic relations and trade companies and representatives from 11 cities in the province in line with their projected economic development outlined for the Seventh 5-Year Plan (1986-1990).

The projects mainly cover light manufacture, textiles, food processing, machine building, electronics, chemicals, building materials and metallurgical industries as well as agriculture, aquaculture and animal husbandry.

More than 120 businessmen from a dozen countries and regions including Japan, the United States, Sweden, Australia, Federal Germany, Italy and Canada attended today's opening session.

Ye Jian, vice chairman of the Provincial Foreign Economic Relations and Trade Committee, told the participants that the province is looking forward to a large increase in the amount of foreign investment to be used and the number of enterprises using foreign investment this year.

He said that the amount of foreign investment to be used this year is expected to reach US\$200 million and foreign investment contracts to be approved this year will involve US\$300 million in investment.

According to incomplete figures, Jiangsu approved 785 foreign-funded projects with a combined investment of US\$637 million between 1978 and 1986, and US\$370 million have been utilized.

During the first three months this year, the province approved 39 projects with a total contracted foreign investment of US\$33.18 million, 34.5 percent and three times, respectively, more than in the same period last year.

The symposium will end on 7 June.

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CSO: 4020/215

34TH JAPANESE-FUNDED VENTURE OPENS IN SHANGHAI

OW282221 Beijing XINHUA in English 1537 GMT 28 May 87

[Text] Shanghai, 28 May (XINHUA)--A new Sino-Japanese joint venture to produce air conditioning equipment opened here today, bringing the total number of Japanese-funded projects in Shanghai to 34.

The new venture, the Shanghai-Ssinko Air Conditioning Equipment Co. Ltd., produces fan coil units to meet the market demand in China. It will also export part of its products.

The company will import the know-how, equipment and management experience for the production of such units and use Chinese materials and parts to manufacture technically advanced air-conditioners.

The venture, with a total investment of US\$2.66 million equally shared by both sides, will be operated for a term of 10 years.

Fujii Akira, president of the Sinko Kogyo Co. Ltd. of Japan, told reporters that he was delighted to see the venture open after three years of negotiations. The venture will begin official production in the fourth quarter and plans to produce 1,000 fan coil units a month, he said, adding that the monthly output will be increased to 3,000 in the near future.

Up to the end of April, Japan had invested nearly US\$200 million in 34 projects in Shanghai. The Japanese funded projects accounted for 13.6 percent of the total foreign funded projects while its investment makes up only about 12.3 percent of the total foreign investment flown into Shanghai so far.

This size of investment is far too less, according to local observers, falling far behind the United States and Hong Kong. Most of the Japanese investment had been directed to the construction of hotels and apartment buildings.

Since the beginning of this year, a local official said, the number of foreign funded productive projects have increased and so has the Japanese investment in this field of endeavour.

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CSO: 4020/215

SHANGHAI BICYCLE PLANT PLANS MAJOR EXPORT DRIVE

OW020552 Beijing XINHUA in English 0536 GMT 2 Jun 87

[Text] Beijing, 2 June (XINHUA)--China's largest bicycle manufacturer, the Shanghai Bicycle Factory, plans a high increase in sales in foreign markets.

"This year we will export 520,000 bicycles, 200,000 more than last year. Next year we plan to export 33 percent of our total products. By 1990 we plan to sell half of what we make to foreign customers," which will be more than two million bikes, said Zahng Heshi, director of the factory, in an interview with XINHUA.

As the country's first bicycle exporter it has shipped its "forever" brand to Canada and the United States. The "forever" model is one of China's three favourite brands. Last year the factory turned out 4.64 million bicycles, over 14 percent of the national total.

To hit its export target, the factory will import production lines, organize a packing workshop and build a quality test center, according to Zhang. Efforts will also be made to improve technique of material processing. In addition, the factory is to establish an import and export company in collaboration with other departments.

To expand our bicycle export, we should gear our products to the needs of foreign consumers," said Wang Zhaojie, deputy chief engineer of the factory. He noted that unlike the Chinese, who use bicycles as their main means of transportation, foreigners in the West, consider the bike a pleasure vehicle.

Efforts to improve quality and variety in the past few years have yielded encouraging results. The factory now produces more than 90 varieties of bicycle, compared with 20 eight years ago.

According to Shi Chusheng, senior engineer in charge of the factory's export work, 180,000 bicycles were exported in the first four months of this year, about 19 percent of the total output in the period. They were mainly sold in Southeast Asia.

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CSO: 4020/215

SHENYANG TO ENCOURAGE MORE INVESTMENT

HK010902 Beijing CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) in English 1 Jun 87
p 1

[By Wang Xiangwei]

[Text] Shenyang, a key industrial and economic centre in Northeast China, is redoubling its efforts to spruce up its climate for foreign investment and advance its outdated infrastructure in a bid to attract more foreign capital, a city official said.

Gao Xuelin, director of the Shenyang Foreign Economic Relations and Trade Bureau, said recently in an interview with BUSINESS WEEKLY that Shenyang is determined to become the hub of international economic relations and trade in the Northeast.

He said that in terms of opening to the outside world, Shenyang has lagged behind China's other major industrial and economic centres. "We are determined to overhaul them as soon as possible."

Last year, Shenyang's overall output value totalled 18.8 billion yuan, of which exports only accounted for 30 percent--about 840 million yuan, Gao said.

"We are taking concrete measures to increase our exports, especially to Japan, and in the meantime to attract more foreign investment," Gao said.

By the end of 1986, the city had concluded 178 contracts involving foreign investment. The total volume of business stood at \$215.56 million, of which \$168.68 million came from abroad and \$33.91 million in foreign investment was actually used, according to statistics supplied by the Shenyang Foreign Economic Relations and Trade Bureau.

Gao said the city is speeding up the pace to bring in more foreign capital by first revamping its infrastructure. It is building a new airport, more luxury hotels, a super highway, and a new railway station.

He said the city has also invested billions of yuan to construct urban traffic facilities and telecommunications, water, electricity and gas lines.

He said that the city government has decided to open a five-square-kilometre area at Zhangshi, southwest of Shenyang, to foreign businesses.

"The area has been designated for high-tech industries producing for export," Gao said.

In the first phase, 31 factories will be built in the area with funds collected through bond sales and foreign investment. When completed, the Zhangshi industrial zone is expected to generate 3 billion yuan a year in output value, 1 billion yuan in profits and taxes and \$200 to 300 million in foreign exchange.

Gao said the Taoxian International Airport started construction at the beginning of this year and its runways are now being built. When completed at the end of 1988, the new airport will open a number of direct international airlines, Gao said. He said the current airport has been enlarged and its runways have been lengthened to accommodate Boeing 747s. So far the airport has opened direct links to Hong Kong, Osaka, and Frankfurt.

A new railway station designed to have the biggest handling capacity in the Northwest is under construction, Gao said.

He said that a super highway linking Shenyang and Dalian, China's biggest port in the northeast, is being built. Gao said the first half of the highway linking Shenyang and Anshan, an iron and steel complex, has been finished. When completed, the highway will play an important role in transporting Shenyang's commodities for export, he said.

He said that the city will open international long-distance telephone lines and import more automatic exchanges. He said the city has imported a 20,000-line exchange from Seeden and another one will be imported in the latter half of this year. He said foreign businessmen had complained about limited hotel accommodations but added this will change soon with the ongoing construction of new hotels.

Gao said an international trade complex is soon to be built. The complex will contain an exhibition hall, hotel, recreation rooms, offices, and other facilities.

He said the complex and the two other big hotels, which are being built, will start operating in 1988 and 1989. "By that time, we will basically be able to satisfy our foreign friends' need for rooms," he said.

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CSO: 4020/215

SHENZHEN OVERSEAS CHINESE PROJECTS IN PROGRESS

OW121130 Beijing XINHUA in English 1058 GMT 12 May 87

[Text] Beijing, 12 May (XINHUA)--Overseas Chinese investors plan to spend 50 million yuan to build 10 projects in a section of the Shenzhen Special Economic Zone reserved for overseas Chinese, said Liao Hanbiao, deputy director of the construction headquarters of the area.

Developed by a Hong Kong firm, one of the projects is an amusement area that includes reproductions of China's ten most popular scenic spots, said the official. The first phase will include mock-ups of the Great Wall, Forbidden City, Tiantan Temple and the Nine-Dragon Wall, he added.

The project will show off the brilliant cultural history of China and is expected to be ready for tourists in the first half of 1988, he said.

Another project is the construction of an electric substation which is now underway. It will ease electricity shortages. The 20 hectare villas in the area will be completed by next October.

Recently, the area was given the power to examine and approve foreign investment projects costing less than US\$5 million. Overseas Chinese from 25 countries, including Thailand, Japan, and the United States, have held business talks on 260 projects in the area.

To date Sino-foreign joint ventures include electronics, auto repair and furniture sales in the area. The industrial output value of the area made up one ninth of Shenzhen's total in 1986.

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CSO: 4020/215

EXPORTS UP IN SICHUAN'S LARGEST INDUSTRIAL CITY

OW121812 Beijing XINHUA in English 1448 GMT 12 May 87

[Text] Chongqing, 12 May (XINHUA)--Exports have earned Chongqing, the largest industrial city in Sichuan province, US\$71.95 million in the first four months of this year, accounting for 50 percent of the city's 1987 export target, XINHUA learned today.

An important hub of foreign trade in southwestern China, Chongqing was given the power to export directly by the State Council in 1983. It was thought exports had reached a plateau at the end of last year, an official of the City Commission of Foreign Trade said.

At that time electrical power shortages and increases in the cost of production were a serious worry of city authorities, he said.

He attributed this year's progress to a reduction in the cost of production and to adjustments in the varieties of export products made by 199 companies under the administration of the commission.

For example, the city expanded the export of finished silk products instead of exporting raw materials only, he noted. Meanwhile, new products were developed, he said adding the city's foodstuff, glassware, refrigerators and arts and crafts enjoy a good name on international markets.

The quality of refrigerators produced here exceed those made in Japan, he said. Japan even ordered 5,000 refrigerators at the spring export commodity fair in Guangzhou. The city's refrigerator production line was imported from Japan.

The city sold US\$92.03 million worth of goods at the spring fair, the official said.

To date, the city has established trade relations with 100 countries and regions and provided 390 varieties of goods to them.

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CSO: 4020/215

BRIEFS

SILK PRODUCTION--Hangzhou, 12 May (XINHUA)--Efforts should be made to ensure silk production meets the demands of domestic and overseas markets during the next five years, Huang Jianmo, an official of the China Silk Import and Export Corporation told XINHUA today. Silk exports totalled US\$1.13 billion in 1986, an increase of 51 percent over 1980, while domestic sales reached 850 million meters, double that of 1980, the official said. Silk exports during this 5-Year Period will meet the needs of the Dyeing Industry in Japan and Western Europe, he said, adding that exports of finished silk garments will increase. At the same time, greater efforts should be made to improve the quality of manufactured garments, he said. Last year, silkworm cocoon output hit 372,000 tons, up 15 percent over 1980, while the output of silk reached more than 1.3 billion meters, 38 percent higher than in 1980. Silk making in China dates back 4,000 years. [Text] [Beijing XINHUA in English 1443 GMT 12 May 87 OW] /12913

FOREIGN INVESTMENT IN XIZANG--Chengdu, 1 June (XINHUA)--Top Tibetan government official said that the autonomous region will grant the most favourable terms to investors, both Chinese and foreign, who wish to help Tibet to develop its local resources. Doje Cering, chairman of the People's Government of the Tibet Autonomous Region, who is here attending a meeting, told reporters that the Regional Government has published new regulations in late May as a new step to encourage investors to come to Tibet. Up to the present, there is only one Sino-American joint venture--the Lhasa Hotel--and some shops funded solely by neighbouring countries in the Tibet Autonomous Region. The 15-article regulation, he noted, will make things much easier for investors. These include eligibility for bank loans, priority in the supply of building materials, raw materials, power and means of transport, tax breaks and division of profits before tax, exemption of construction tax and a higher profit rate. [Text] [Beijing XINHUA in English 0751 GMT 1 Jun 87 OW] /12913

NEW CENTER SERVES BUSINESSMEN--Tianjin (CEI)--The Tianjin Foreign Investment Service Center, with eight government departments and 14 service offices working to solve problems facing foreign business people, opened last week. The center has four departments: a consultations department which introduces prospective partners, arranges negotiations and helps with finance problems; a project department which will conduct feasibility studies for foreign investors; a construction department that deals with real estate and construction; and an enterprise department that takes care of registration, issuance of licenses, patent registration and answers questions concerning

joint venture enterprises. The 14 service units are: lawyers office, notary office, a bid and tender company for electrical equipment, federation of industry and commerce, an industrial investment company, the Bank of China, Tianjin International Trust and Investment Company, a foreign exchange bureau, international contractors consultancy company, a construction development company, a labor service company, a technical and management personnel center, a supply company, and accountants office. The center's address is 59 Nanjing Road, Tianjin. [Text] [Beijing XINHUA in English 0621 GMT 15 Jun 87 OW] /12913

USE OF FOREIGN CAPITAL--Fuzhou, 31 May (XINHUA)--Fujian Province in Southeast China signed contracts for 54 projects worth more than US\$16.9 million in foreign capital during the first four months of this year, according to the Provincial Commission of Foreign Economic Relations and Trade. More than US\$10.4 million have been utilized, 16.9 percent more than the same period last year, according to the commission. Fujian, home of the Xiamen Special Economic Zone, one of the four in China, is a pioneer in implementing the country's policies of opening to the outside world. An official from the commission said, of the 54 projects, all but one are in the production and manufacturing sectors. They are designed to export more than 70 percent of their products. [Text] [Beijing XINHUA in English 0726 GMT 31 May 87 OW] /12913

CSO: 4020/215

XIZANG TO DEVELOP PREFECTURE INTO ECONOMIC ZONE

HK260336 Lhasa Xizang Regional Service in Mandarin 1030 GMT 24 May 87

[Text] A Nyingchi prefectural meeting to mark the handing over from old county-level leadership groups to new groups concluded on 18 May. In his speech at the meeting, Dangzin, deputy secretary of the autonomous regional party committee, noted: Nyingchi is rich in natural resources. From now on, Nyingchi Prefecture will be developed into an economic zone with simultaneous development of economic forestry, agriculture, and animal husbandry.

Comrade Dangzin said: Responsible comrades from the Nyingchi prefectural party committee, the prefectural administrative office, and the prefecture's new county-level leadership groups must make thorough investigations and studies, and successfully grasp macro plans for the prefecture and the prefecture's counties, especially economic and urban plans. In addition, they must give full play to their local superior natural resources, actively develop processing industries and national handicraft industries, and open up local scenic spots and tourism.

Comrade Dangzin noted: To develop socialist commodity economy, our vast numbers of peasants must first have a sense of commodity economy. To bring about benefits for the masses, we must provide conditions for the development of the commodity economy among our peasants and herdsmen, set up rural fairs and markets, and make things convenient for our peasants and herdsmen.

During the meeting, Comrade Dangzin also made demands on members of the new county-level leadership groups.

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CSO: 4006/764

CONSIGNEES URGED TO PICK UP FREIGHT AT AIRPORT

OW041112 Beijing XINHUA in English 0624 GMT 4 Jun 87

[Text] Beijing, 4 Jun (XINHUA)--The State Economic Commission has urged all consignees who have delayed taking delivery of their freight from the Beijing airport to claim their imported freight within a week from today.

Officials from the commission said the unclaimed freight will be confiscated after the deadline and those who are responsible for the delays should face disciplinary sanctions and even penalties according to laws.

According to data provided by Beijing customs, there were at one point some 1,900 unclaimed shipments, involving a total of three million yuan worth of imported freight. It arrived at the airport between January 1985 and August 1986.

There are now still 377 pieces of freight still unclaimed since letters were mailed urging owners to pick up their goods. The freight includes instruments, machines, spare parts, chemical raw materials and technology, according to the Civil Aviation Administration of China.

Administration officials blamed the delays on the incompetence of foreign trade departments that act as agents for the owners, mishandling of procedures on the part of the owners and mail delays.

The State Economic Commission urged all airports, sea ports and railway stations to take the same measure in handling unclaimed imported cargo.

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CSO: 4020/212

NINGBO, OTHER PORTS EXPANDED IN ZHEJIANG

OW041413 Beijing XINHUA in English 0950 GMT 4 Jun 87

[Text] Hangzhou, 4 Jun (XINHUA)--The Ningbo port has just opened 40 new berths which can accommodate ships of up to 100,000 dwt, an official from the Ningbo port office announced today.

The existing ports that have been expanded include Ningbo, Zhenhai and Beilun, which handled a total of 17 million tons of cargo last year.

The Beilun dock was built in 1979, and now offers one 100,000 dwt berth, two 25,000 dwt berths, a 2,000-meter bridge and a 76,000 square meter storage area. Another 25,000 dwt dock is now under construction.

Since 1979, the state has spent 500 million yuan (U.S. \$135 million) on the project.

Work on Zhenhai port started in 1975, and so far, 22 berths have been finished, and the port is expected to handle up to 4.3 million tons of cargo annually.

Since 1985, Ningbo port has been running container service to the Mediterranean, the Red Sea and northwest Europe, and regular shipping lines have increased from six to 10 runs per month.

The port has trade and transport lines with 17 countries, including the United States, Britain, Australia, Italy and Japan.

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CSO: 4020/212

BRIEFS

BEIJING-COAST FREEWAY--Beijing, (CEI)--The World Bank has decided to provide the loans to build a freeway linking Beijing, Tianjin, and Tanggu. The World Bank's Board of Directors approved a loan on 12 May for U.S. \$25 million and 98.9 million yuan (U.S. \$125 million) of credit with special drawing rights, bringing the total package to U.S. \$150 million. In addition to these funds, the Chinese Government is also providing capital to build the freeway. The project now has adequate funding to go ahead. [Text] [Beijing XINHUA in English 0546 GMT 10 Jun 87 OW] /9738

ZUOJIANG RIVER OPEN--Nanning, 3 Jun (XINHUA)--The 301-km Zuojiang River, which flows through the Guangxi Zhuang Autonomous Region, opened to navigation today after a suspension of 16 years due to the bursting of a major dam. The Zuojiang joins other rivers at Nanning, the region's capital, and extends to Guangzhou in the east. It is the main waterway linking the country's southern border area with the hinterland and coastal areas in neighboring Guangdong Province. To promote the exploitation of local resources of minerals and native products, the local government started reconstruction of the dam in October last year, with the support of the Ministry of Communications. Now 120 dwt vessels can sail down the river from Longzhou, a major town near Sino-Vietnamese border, to Guangzhou, through Chongzuo, Nanning and Wuzhou. [Text] [Beijing XINHUA in English 1347 GMT 3 Jun 87 OW] /9738

HAINAN TRANSPORTATION IMPROVES--Guangzhou, 12 May (XINHUA)--An ancient Chinese proverb says traveling is so difficult "it takes a bird six months to fly to Hainan Island from the interior." But nowadays transport and communication services abound. Over the past five years authorities of Hainan Island, the second largest in the country, invested 200 million yuan on the construction of airports, harbors, highways and bridges. As a result, the volume of goods transported totaled 36.14 million tons in 1986, up 3.3 percent over the previous year while the volume of passengers, more than 60 million, was 0.5 percent higher than in 1985, the official said. In addition there is now air service from Haikou to Guangzhou every day, chartered flights from Haikou to Hong Kong, to Macao and to Singapore have also been opened, he noted. Meanwhile, containerized shipping from Haikou to Hong Kong and Japan has started, he said, adding the island developed 14 harbors with 38 berths, which handled up to 17.5 million tons of cargo a year. With improvement of the island's highways, buses can reach 99 percent of districts and towns under the administration of the island. [Text] [Beijing XINHUA in English 0133 GMT 12 May 87 OW] /9738

BEIJING FARMERS INCREASE CONSUMPTION FIGURES

HK020242 Beijing CHINA DAILY in English 2 Jun 87 p 1

[Text] Farmers in the Beijing area are narrowing the "consumption gap" between themselves and urban residents, although the two groups are spending their money in different ways.

A recent survey by the Beijing Statistics Bureau shows farmers spent an average of 645 yuan each on living expenses last year, 26.5 percent more than in 1985. Living expenses of urban residents in Beijing rose by 15.6 percent to 1,067 yuan.

The survey covered 1,100 rural households and 1,000 urban families in Beijing, Xue Qinghua, an official of the Beijing Statistics Bureau, told CHINA DAILY yesterday.

The per capita income of Beijing's rural farmers hit a record 721 yuan in 1986, compared with 425 yuan, the national per capita income for farmers. The average expenditure on consumption among Chinese farmers last year was 357 yuan.

Beijing urban residents' per capita income was 1,067.6 yuan last year while the national average was 890 yuan. Nation-wide, urban dwellers' consumption spending averaged 840 yuan.

Farmers in Beijing spent much more money on housing than urban people once they had bought food and clothing, Xue said.

Per capita expenditure on housing for Beijing farmers last year was 140 yuan, a 58 percent increase over 1985 and 22 percent of their total consumption spending. Urban residents spent only 1 percent of their total expenditure on housing--11 yuan.

The survey also shows that the average amount spent on electrical equipment by rural families in Beijing's outskirts was 44 yuan last year, a 35 percent increase over 1985. Urban dwellers spent 149 yuan, a 17 percent increase.

For every 100 rural families in Beijing, there were 12 colour television sets, 28 tape recorders, 42 electric fans, 39 washing machines and 5 refrigerators by the end of 1986. The corresponding figures for urban residents were 51.80, 98.76 and 62.

GUIZHOU MEETING ON BUILDING GRAIN BASE COUNTIES

HK281552 Guiyang Guizhou Provincial Service in Mandarin 2200 GMT 27 May 87

[Excerpts] According to GUIZHOU RIBAO, a provincial meeting on building marketable grain base counties, which concluded recently in Guiyang, noted: We must concentrate our funds, strive for practical and real effects, link investments with good results, and further promote the building of marketable grain base counties in our province. During the 7th 5-year plan, the central authorities will annually appropriate a special sum of 20 million yuan for our province's development of grain production.

Through repeated consultations, the meeting decided that starting from this year our province will concentrate financial resources on the following 19 counties and 1 special district with favorable conditions for building themselves into marketable grain base counties: Huangping, Liping, Tianzhou, Dushan, Huishui, Zunyi, Anlong, Xingyi, Bijie, Jinsha, and Zhijin counties; and Luzhi special district. The work of building them into marketable grain base counties will remain unchanged for 4 years.

According to a decision reached at the meeting, starting from this year, marketable grain production quotas will be set annually for the 19 counties and 1 special district in accordance with the ratio that the input of 1 yuan be exchanged for 2 kg of marketable grain. People's governments of the 19 counties and 1 special district will sign contracts in this regard with the provincial people's government. If they fail to fulfill the contracts the special funds for them will be withdrawn and rearranged. In accordance with the investment-result ratio, starting from 1988, the 19 counties and 1 special district will annually provide for province an additional output of marketable grain totaling 40 million kg.

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CSO: 4006/763

HEBEI VICE GOVERNOR ON ARBITRARY OCCUPATION OF FARMLAND

SK291239 Shijiazhuang HEBEI RIBAO in Chinese 12 May 87 p 1

[Excerpts] Recently, Vice Governor Zhang Runsheng was interviewed by reporters and gave some important opinions concerning the province's arbitrary occupation of arable land.

In referring to the province's current situation of arable land, Zhang Runsheng said: Our province has done much in strengthening land management and has scored certain achievements. However, the rapid decrease in arable land has become the hidden crisis for the province's agricultural development. According to statistics, over the past 37 years since the founding of the PRC, the province as a whole has reduced more than 10.1 million mu of arable land, with an average annual decrease of 273,000 mu. During this period, the population has increased by more than 25.4 million persons, with an average annual increase of 687,000 persons. As a result, the average per-capita farmland dropped from the original 3.53 mu to 1.77 mu, a decrease of more than 50 percent.

Comrade Zhang Runsheng said: There are three reasons for the rapid decrease in arable land:

1. State capital construction projects have occupied arable land. Along with the unceasing development of economic construction and the construction of some communications, water conservancy, industrial, and mining projects, much arable land has been occupied annually. According to incomplete statistics compiled between 1958 and 1985, the state occupied 8.899 million mu of arable land, accounting for 31.8 percent of the total decreased area of arable land. Of the total area of land occupied by the state capital construction projects, a large proportion of land was occupied by the water conservancy, industrial, and mining enterprises.

2. Rural housing construction and township enterprises have occupied land. According to investigations and estimates among typical units by the relevant departments, between 1966 and 1985, more than 2 million mu of arable land throughout the province was occupied by housing projects built by peasants and village-run enterprises, an annual average of 130,000 mu. Of this, 540,000 mu of land was occupied during 1980 and 1981. The situation in land occupation by township enterprise projects is comparatively serious. At the end of 1985, the province as a whole had more than 12,000 brick and tile kilns which occupied 420,000 mu of land.

3. The blind development of fruit trees in flatlands has occupied arable land. According to statistics compiled by the provincial agricultural department among 11 agricultural information contact counties, in 1986, an additional 150,600 mu of fruit trees were planted, 43 percent of which were planted on good arable land. Based on an estimate by the relevant departments, this year the province's total area of fruit trees will increase from 8.21 million mu in 1985 to 15.18 million mu, an increase of nearly 7 million mu. Certainly, this will affect grain production.

Comrade Zhang Runsheng emphatically pointed out: We should pay great attention to the arbitrary occupation of arable land and the distribution of land resources and adopt effective measures to earnestly solve the problems.

First, we should conscientiously implement the "Land Management Law," and manage the land in line with law. Our country's land management law has already been officially promulgated and put into practice. Our province's land management regulations have also been promulgated for implementation. All localities should implement them in a better manner.

Second, we should conduct a land resources survey and scientifically formulate overall planning for land utilization. This is the most effective measure for solving the issue of rational land utilization. Based on the province's land resources survey, all localities should establish a statistical system for land survey.

Third, we should forbid the occupation of arable land for planting fruit trees. At present, the province's fruit tree development should be concentrated on barren hills, slopes, beaches, and banks between fields which are suitable for growing fruit trees. In addition, we should also actively promote fruit tree planting in courtyards.

Fourth, we should extensively conduct propaganda and education among the broad masses of rural cadres, and help them strengthen the sense of the legal system and enhance their consciousness in using arable land sparingly.

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CSO: 4006/763

HEILONGJIANG RIBAO ON SANJIANG PLAIN IMPROVEMENT

SK131219 Harbin HEILONGJIANG RIBAO in Chinese 21 Apr 87 p 1

[Excerpts] The Sanjiang plain water conservancy project--a key state project--was started in a comprehensive manner.

This project includes harnessing Qixing He, Qihulin He, Nong Jiang, and Yalu He and improving the Tongjiang-Fuyuan grand dike and the Taoshan reservoir. In order to eliminate once and for all the damage caused by flooding and waterlogging in the Sanjiang plain, the state invested 62 million yuan in this project this year, which is equivalent to the total investment in the Sanjiang plain water conservancy project made during the Sixth 5-year Plan period.

The project is being organized by the provincial government in a unified manner. The six engineering sections under the provincial Water Conservancy Engineering Bureau will undertake the harnessing of the Qixing He. They will use some 400 bulldozers to complete 23 million cubic meters of earth work. With regard to the harnessing of the Qihulin He, the Mudanjiang Farm Administrative Bureau will complete the major part, with the rest undertaken by Hulin County. They will finish the Yunshan reservoir, the major Dalianpao drainage channel, and most of the dike along the Abuqin He. The 15 machinery teams of the Jiansanjiang Farm Administrative Bureau will undertake the harnessing of Nong Jiang and Yalu He. They will finish digging a flood-relief channel of some 70 km in length, and building and repairing a road 55 km in length this year. The machinery teams organized by Tongjiang and Fuyuan Counties will continue to build the Tongjiang-Fuyuan grand dike. In addition, the Taoshan reservoir, the 290th section of the Heisong dike, and the dike along Songhua Jiang in Fujin County will be completed within this year. Completion of these projects will free about 10 million mu of cultivated and waste land from damage caused by flooding and waterlogging, and to basically change the situation in which the Sanjiang plain is frequently hit by disasters.

The Sanjiang plain water conservancy project was designated as a key state project in 1982. Over the past few years, the state farms and the various cities and counties located in the Sanjiang plain, with the support of the state, have harnessed the Biela He, Anbang He, and Wanyan He; have begun to harness the Qihulin He; and have improved 5.41 million mu of land susceptible to waterlogging.

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CSO: 4006/763

HEILONGJIANG ACHIEVEMENTS IN RURAL REFORM

SK170520 Harbin Heilongjiang Provincial Service in Mandarin 2100 GMT 16 Jun 87

[Text] Our province's rural reform is being continuously deepened. It has begun to enter an economic operational path dominated by new economic systems.

Our province's rural economic structural reform began after the convocation of the 3d Plenary Session of the 11th CPC Central Committee. The rural areas throughout the province have successfully completed the first stage of reform, universally promoted all forms of the family-based contract responsibility system with payment linked to output, and boosted the enthusiasm of the broad masses of peasants. The second stage of reform is being conducted. The main tasks are to readjust the rural production set-up, abolish the method of unified and assigned purchase of farm products, implement the planned contract purchase method on the basis of respecting the decisionmaking power of peasants, further solve the problems concerning the relations between the state and peasants, establish cooperative organizations of a new type, and actively develop the rural commodity economy. Through reform, the rural economic relations have been basically improved and the rural areas have begun to enter an economic operational path dominated by new economic systems, thus enabling the rural economy to become more invigorating. The province's stagnant situation in grain production has ended. In 1986 the total output of grain, soybeans, and tuber reached a record high of 17.75 billion kg. In addition, agriculture, forestry, animal husbandry, sideline production, fisheries, and other trades have developed coordinately. Marked changes have taken place in the rural production set-up. The people's livelihood has generally improved and their clothing and food problems have been basically solved. This has enabled peasants in some localities to become prosperous.

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CSO: 4006/763

HENAN GOVERNMENT URGES ATTENTION TO AUTUMN GRAIN

HK160150 Zhengzhou Henan Provincial Service in Mandarin 2200 GMT 14 Jun 87

[Excerpt] The provincial government has attached importance to autumn grain cultivation this year and made early preparations and arrangements for it. In addition, the whole province has recently had soaking rain. As a result, good success has been achieved in crash-planting late autumn crops. By 10 June, the province had planted 45 million mu of late autumn grain crops, representing 66.2 percent of the sowing plan. Progress was faster than in previous years.

However, according to an analysis by the agricultural departments, there are still some problems in Henan's autumn grain production that cannot be neglected. These problems arise from the ideas of some cadres and masses of attaching much importance to summer grain and little to autumn and attaching much importance to industrial crops and little to grain, plus a lack of ideological preparedness for fighting natural disasters to reap a bumper harvest.

First, the sown area of early autumn grain crops is smaller than last year. The area of high-yielding crops such as rice and maize has been reduced by over 1 million mu.

Second, the area of maize sown in wheat fields is less than last year, and the crop was sown later.

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CSO: 4006/763

HUNAN PEASANTS DIFFICULTY IN BUYING FERTILIZER

HK010303 Changsha Hunan Provincial Service in Mandarin 0000 GMT 1 Jun 87

[Text] During the 20-day period from late April to mid-May, more than 60 peasants wrote to this station complaining of the same problem: the difficulty in buying chemical fertilizer. It is shocking how difficult it has become for the peasants to buy chemical fertilizer. First, they cannot obtain coupons. A peasant of (Jinxi) village in (Beijing) township in Liuyang County was only allocated a coupon to obtain 1.8 jin of urea for his over 3 mu of rice. He posted this coupon to us, adding in a letter: Would the reporter please pass this coupon on to peasants who are even more short of chemical fertilizer than I am. You could call that my contribution.

Can a peasant buy chemical fertilizer if he does have the coupons? For (Zhou Tieyan), a peasant of (Jiexian) village of (Sanqianao) township in Ningxiang County, hoping to use his coupon for 20 jin of ammonium bicarbonate was like hoping for the stars and the moon. The coupon was issued at the beginning of April. He could hardly wait for the end of the month, when the fertilizer arrived, but he had not imagined that the price would have increased by then. The second coupon issued to (Zhou Tieyan) failed to reach him. The supply and marketing cooperative then hastily stuck up a notice announcing that the coupon was no longer valid.

The problems reported by these two peasants are more or less universal in parts of Hunan. The peasants are willing to rush around everywhere to get hold of chemical fertilizer, but they still cannot find it. They say with a sigh: I would rather burn joss sticks than be allocated ammonium bicarbonate; I would rather worship the Buddha than be allocated urea.

What particularly merits attention is the fact that a small number of lawless elements has seized the chance to sell fake and inferior chemical fertilizer to the peasants. The peasants are thus cheated.

After reading the peasants' letters, our reporter promptly visited the provincial petrochemical industry department and the provincial supply and marketing cooperative to find out the state of production and sales of chemical fertilizer this year. Sheet after sheet of statistics showed quite

clearly that the province produced 103,500 more tons of chemical fertilizer in the first quarter than in the same period last year, while sales rose by 70 percent. The reporter also found out that the provincial planning commission allocated chemical fertilizer quotas to each prefecture, city, and county at the beginning of the year. In addition the provincial agricultural department announced at the end of March the methods for linking grain production contracts to chemical fertilizer supply.

It may be asked, since the factories have increased production of chemical fertilizer and the sales departments have boosted sales, where has the fertilizer gone?

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CSO: 4006/763

AGRICULTURE

ECONOMIC

SHAANXI WHEAT CROP AFFECTED BY RAIN

HK280443 Xian Shaanxi Provincial Service in Mandarin 2330 GMT 27 May 87

[Text] Moderate, heavy, and torrential rain has fallen in all parts of Shaanxi in recent days. This has had an extremely unfavorable effect on the final-stage growth of the wheat crop and on preparations for the summer harvest. The rain started on 23 May. On 24 and 25 May, torrential rain fell in more than 10 cities and counties including Xian, Huxian, Tongguan, Yangxian, and Xixiang. Xixiang County had 170 mm of rain in 1 day. Heavy rain fell in 10 other counties and cities.

This rainfall was characterized by extensive area, duration, and concentration of precipitation. The rain is favorable for increasing soil moisture and the sowing of late autumn crops in the dry plains. It has also prevented the appearance and spread of a hot dry wind in some areas. However, the rain has had an extremely unfavorable effect on the final-stage growth of the wheat. According to our information, cereal scab has spread rapidly in the wheat crop during the rain in Baoji and Weinan prefectures. It has also threatened wheat in the irrigation areas that was growing very well. According to reports from Baoji City, 10 percent of the wheat in the irrigation areas has fallen over. The ripening of the crop has thus been affected.

In addition, in areas where the wheat harvest has already started, such as southern Shaanxi and the eastern part of the Guangzhou region, reaping has had to come to a halt because of the heavy rain. Some rapeseed that was harvested early in Ankang Prefecture has started to sprout and deteriorate.

Floods and waterlogging have also occurred in some places, putting great pressure on river embankments and reservoirs.

According to the meteorological departments, the rain may die out on 28 May. Some places may have thunder showers on 30 May. We therefore hope that all localities will pay attention to the local weather forecasts, make proper arrangements for summer farmwork and antiflood work, and strive to reduce the losses to the minimum.

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BRIEFS

SPECIAL COMPOUND FERTILIZERS DEVELOPED--Changsha, 11 June (XINHUA)--Hunan Province has developed special compound fertilizers that have increased the yield of seven crops including rice, tobacco, sesame, orange and rapeseed by 10 to 100 percent. Last year, about 10,000 tons of the special fertilizers were used on 10,000 hectares of farmland in more than 20 counties. Peasants there achieved an extra net income of more than three million yuan (US\$810,000), according to a provincial agricultural official. The fertilizers were developed by a research institute under the Hunan Provincial Academy of Agricultural Sciences and several chemical fertilizer plants. After application of the fertilizers, which contain special nutrients for each crop, the output of rice increased by about 10 percent, ramie harvest jumped more than 30 percent, and tobacco yielded about 100 percent more, the official said. The province is planning to produce more than 100,000 tons of the special compound fertilizers this year, he said, adding that these fertilizers are selling well. [Text] [Beijing XINHUA in English 0736 GMT 11 Jun 87 OW] /12913

FUJIAN PROVINCE RANKS FIRST--Fuzhou, 4 June (XINHUA)--Fujian Province in east China boasts more than 4.53 million hectares of forests, covering about 40 percent of its area. This makes the province rank first in China in terms of forest coverage, according to Fu Guibi, deputy director of the Provincial Greening Committee. In the past 37 years, Fujian has raised its forest acreage from 22 percent of its area to 39.8 percent--3.3 times more than the national average of 12 percent. Fu attributed this to continued efforts to plant trees and favorable climatic conditions. He said man-made forests account for 40 percent of the province's total. However, he added, most forests, or 70 percent, are located in three prefectures--Longyan, Sanming and Jiayang--in western and northern Fujian. The southern and eastern parts of the province consist of only 30 percent of forested area and more than 1.33 million hectares of land are suffering from soil erosion, Fu said. So, he said the provincial authorities had decided to make more efforts to afforest these areas and to raise the forest coverage to 60 percent by 1990. [Text] [Beijing XINHUA in English 1604 GMT 4 Jun 87 OW] /12913

DEMAND HIGH FOR FARM MACHINERY--Hangzhou, 16 June (XINHUA)--East China's Zhejiang Province sold a record number of farm machines, more than 200 million yuan (US\$54 million)--worth in total value, in the first four months this year. The higher demand--an increase of 53.7 percent in sales volume over the same period last year--is attributed to the greater inputs by local farmers for

long-term returns, said an official of the Provincial Farm Machinery Company. Zhejiang is one of the provinces with the most developed agriculture in the country. Fast-developing rural enterprises have absorbed a great part of former farm labor and, as a result, fields are contracted to fewer but more competent farmers, said the official, adding that this promotes mechanization in farming. The development of a diversified rural commodity economy is also one of the factors for the sales boom in machinery, said the official. Machines used for the processing of farm and sideline produce are selling well this year, the official said. Estimates show that the province now has 200,000 tractors, mostly hand tractors and small four-wheel tractors. [Text] [Beijing XINHUA in English 1036 GMT 16 Jun 87 OW] /12913

RARE EARTH FERTILIZER APPLICATION--Nanning, 16 June (XINHUA)--Rare earth fertilizer, developed in China since 1980, is being applied on large tracts of farmland. In the past week, it has been spread on more than 13,300 hectares of sugarcane in Guixian county, the Guangxi Zhuang Autonomous Region, by plane. Containing a dozen rare elements, including lanthanum, scandium and yttrium, the fertilizer stimulates the growth of crops. It increases the yield of sugarcane by six tons per hectare while raising sugar content. Guixian, one of China's major sugarcane producers, harvested more than 1 million tons of sugarcane and extracted 100,000 tons of sugar last year. [Text] [Beijing XINHUA in English 1539 GMT 16 Jun OW] /12913

RESPONSIBILITY SYSTEM CREDITED--Hefei, 15 June (XINHUA)--Anhui Province, China's major grain and oil-bearing seed producer, reported record summer grain and rapeseed harvests this year. The grain output is expected to exceed 7.2 million tons, 5.1 percent more than last year, while rapeseed climbed up 19.6 percent to reach one million tons, Governor Wang Yuzhao announced today. It is the seventh good harvest for summer grain and the sixth good harvest for rapeseed over the past nine years, he said. The province was the first in China to introduce the rural responsibility system linking output with income in 1979. Thanks to the system, the province's grain and oil-bearing seed output jumped from 14.82 million tons in 1978 to 23.72 million tons last year, he said. The governor attributed the good harvests to increased sown areas, application of practical techniques and good services provided by local administrative departments. The province expanded the acreage for summer grain by 2.6 percent to reach 54,000 hectares and the acreage for oil-bearing crops by 24 percent to reach 184,000 hectares. In addition, the province increased top dressing of fertilizer on more than 60 percent of the summer grain crops, 10 percent more than last year. Efforts were also concentrated on the prevention and control of pests. [Text] [Beijing XINHUA in English 0804 GMT 15 Jun 87 OW] /12913

SHANDONG COTTON SOWING--As of mid-April, Shandong Province had basically completed the task of sowing 15 million mu of cotton and signed cotton purchase contracts for 22.4 million dan. [Excerpt] [Jinan Shandong Provincial Service in Mandarin 2200 GMT 29 Apr 87 SK] /9738

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